

Current History

A WORLD AFFAIRS MONTHLY

FEBRUARY, 1976

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Current History

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Current History

FEBRUARY, 1976

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In this issue, seven articles review recent developments in the nations of Latin America. As our first article points out, in Mexico, "in view of the impoverishment, misery and smoldering discontent that characterizes a large segment of the population and the violence and bloodshed that followed the overthrow of the dictatorship 66 years ago, the ruling elite seeks at all costs to prevent cracks in its governing machinery."

The Making of a Mexican President, 1976

BY GEORGE W. GRAYSON

Associate Professor of Government, College of William and Mary

ON JULY 4, 1976, millions of Americans will celebrate their nation's two-hundredth birthday, while political parties prepare to nominate candidates to vie for a four-year term in the White House. At the same time, millions of Mexicans will take part in their own patriotic ritual: the election of a President. A crucial difference between the United States and Mexican contests is the absence of doubt as to who will win the latter. Since its formation in 1929, the revolutionary party (now called the Partido Revolucionario Institucional—PRI) has swept every Mexican presidential, gubernatorial and senatorial election, and its nominees often run unopposed. Nonetheless, the campaign will be characterized by the lavish expenditure of funds, a barrage of radio and television commercials, massive rallies among camp followers attempting to impress their political paladin, and a barnstorming tour of the 31 states and federal district that comprise this

Spanish-speaking nation of 58 million inhabitants.

In Mexico, secrecy often shrouds the choosing of a new leader. Although the process varies with every sexennial election and is fully understood by only a handful of participants, everyone agrees that the incumbent President plays the dominant role.¹ Constitutionally forbidden to seek two consecutive terms—the rallying cry of the bloody 1910 revolution from which the present political system emerged was “Effective Suffrage, No Reelection”—the President postpones announcing his successor as long as possible, knowing full well that the routine of government will be disrupted and his power will be attenuated as soon as the *tapado* is named. Still, the choice cannot be put off indefinitely because sufficient time must be allowed for a strenuous six-month campaign. Thus, during the first half of his fifth year in office, the Chief Executive initiates a round of quiet consultations leading to the choice of a successor. Among those participating, at least in a *pro forma* manner, in the *auscultación*² are the President’s closest advisers; living former Presidents of whom there are now three;³ leaders of the PRI and its three components (the small but well-organized labor sector headed by the aging Fidel Velásquez, often called Mexico’s George Meany, the large but relatively weak peasant sector, and the medium-sized but highly influential popular sector composed of professionals, bureaucrats and white collar employees); the mayors of large cities and the governors of key, populous states, most of which are located in the *mesa central*

¹ Several experts on Mexico have analyzed the selection process; see Robert E. Scott, *Mexican Government in Transition*, rev. ed. (Urbana: University of Illinois Press, 1964), pp. 211ff.; Leon V. Padgett, *The Mexican Political System* (Boston: Houghton-Mifflin, 1966), pp. 136–143; and Frank Brandenburg, *The Making of Modern Mexico* (Englewood Cliffs, N.J.: Prentice-Hall, 1964), pp. 145–150. Brandenburg identifies nine separate steps in the electoral minuet.

² This word, part of the vocabulary of the selection process, literally means a stethoscope-aided probing or sounding of the organs inside the chest cavity.

³ Emilio Portes Gil (1928–1930), Miguel Alemán (1946–1952), and Gustavo Díaz Ordaz (1964–1970).

of which Mexico City is the heart; and spokesmen for important interest groups like banking and industry, many of whom are not formally linked to the revolutionary party.

For an individual to aspire to nomination, he must satisfy certain formal requirements enshrined in the country's nationalistic and "revolutionary" 1917 constitution. The President must be a male, born in Mexico of Mexican parents (both of whom must also have been born in the country), who is at least 35 years old when elected. Unless he has been required to leave on official business, he must have resided in the country for a minimum of one year prior to election—a provision designed to prevent the imposition of a Chief Executive by anti-government groups organized outside the country. In addition, he cannot have served as a Cabinet member, governor of a state or territory, or active member of the armed forces for six months preceding the voting. Because of the Catholic Church's support for the notoriously venal nineteenth century dictatorship of Porfirio Díaz, no priest or minister of any faith is permitted to hold the presidency or any other public office in Mexico.

Even more important are informal requirements. Above all, a candidate must at the very least be acceptable to, if not a trusted ally of, the incumbent. Typically, he comes from Mexico City or from a major state (probably the *mesa central*), has served in a post in the incumbent's election campaign, and has held a key ministerial portfolio.⁴ He should be energetic, exhibit a wholesome family life, not have an American wife and appear *muy hombre*, without having the reputation of a woman chaser. He may admit to being a "believer," but must be neither a militant proponent nor an opponent of the Catholic Church.⁵ If not completely acceptable to each, he should not

⁴ Lázaro Cárdenas (1934–1940) and Manuel Ávila Camacho (1940–1946) had been ministers of war and navy; Adolfo López Mateos (1958–1964), secretary of labor and welfare; and Alemán, Adolfo Ruíz Cortines (1952–1958), Díaz Ordaz and Echeverría, secretaries of interior.

⁵ Scott discusses the informal criteria in *op. cit.*, pp. 212–216.

⁶ Those named by the secretary of water resources, Leandro Revirosa Wade, were: (1) Interior Minister (Gobernación) Mario Moya Palencia, (2) Secretary of the Presidency Hugo Cervantes del Río, (3) Minister of Labor and Social Welfare Porfirio Muñoz Ledo, (4) Secretary of Agrarian Reform Augusto Gómez Villanueva, (5) Director of Social Security Carlos Gálvez Betancourt, and (6) Finance Minister José López Portillo. See *Times of the Americas*, April 30, 1975, p. 2.

⁷ *Ibid.*, September 12, 1975, p. 286.

⁸ Although unreported in Mexico, the Instituto de Opinión Pública Mexicana, a fledgling polling firm, conducted a nationwide survey in early 1975. The largest number of those interviewed (more than one-third) stated a personal preference for Moya Palacia; yet when asked who the *tapado* would be, a plurality of interviewees named López Portillo.

excite the strong opposition of any of the key power contenders within or without the revolutionary party.

The candidate is usually proclaimed—typically by one of the PRI sectors—shortly after the President delivers the state of the nation address on September 1 of the year preceding the national election. This speech provides an occasion for *políticos* and other notables from across the country to flock to the capital hoping to identify and win favor with the next Chief of State. Traditionally, an individual who is passed over has little hope of being tapped as the party's nominee in a future presidential contest. As one diplomat told me: "There are no Nixons in Mexico."

THE EMERGENCE OF JOSE LÓPEZ PORTILLO

In an unprecedented move, President Luis Echeverría announced through a Cabinet member in late April, 1975, the names of six men who generally met the formal and informal criteria and were therefore deemed *presidenciable*.⁶ By summer, the smart bettors had narrowed the field to two pre-candidates. The shortest odds followed Mario Moya Palencia, 42, who was the interior minister (*secretaria de gobernación*) and the darling of the business community. The Interior Ministry was the springboard to the Chapultepec Palace for four of five recent Presidents, including Echeverría. To dampen his conservative image, Moya publicly applauded the "theory of social democracy" enunciated by Echeverría in Havana, while his propagandist friends touted him as a "man of the left," ideologically congenial to Cuba's Fidel Castro and Chile's Salvador Allende. The second strongest contender appeared to be Hugo Cervantes del Río, the 47-year-old secretary of the presidency, a confidant of Echeverría, whose career had closely paralleled his own. Lest he appear too close to the left, Cervantes del Río stressed the fact that Mexico "has never, is not, nor never will be socialist."⁷

Much to the chagrin of both these contenders—Moya had reportedly been led to believe until the very last minute that he would be tapped—the President decided upon José López Portillo, his moderate, 55-year-old finance minister.⁸ Although the mercurial Echeverría may once again have been acting on impulse, several factors probably underlay the choice.

Individuals and interest groups had begun to wheel into place behind Moya and Cervantes del Río, both of whom had exceeded discretion in advancing their presidential ambitions, with the prospect of a serious division within the PRI should one be preferred over the other. In view of the impoverishment, misery and smoldering discontent that characterizes a large segment of the population and the violence and bloodshed that followed the overthrow of the dictatorship 66 years ago, the ruling elite seeks at all costs to prevent cracks in its governing machinery.

Although he had introduced taxes that bore heaviest on middle class and affluent Mexicans—a famous nineteenth century finance minister, José Yves Limantour, once insisted that, "A finance minister never becomes President; taxes are equally unpopular with both rich and poor"—López Portillo had earned the admiration of important sectors of PRI and the business community because of his undeniable competence. Groups that blamed Mexico's faltering economy on Echeverría's woolly headed programs looked favorably on a man technically trained in economics with experience and know-how in taxation and in international finance. They hoped that six years of political bromides would give way to six years of economic expertise.

In addition, the President-designate is extremely close to the incumbent.⁹ Born in Mexico City in 1920, López Portillo attended public schools before entering the law school of the National University of Mexico. He and Echeverría graduated in the same class ('46), and the two young men traveled together by boat to Chile, where they studied political science at the University of Santiago. Upon completing his studies, Echeverría immediately plunged into politics, while López Portillo taught and practiced law until he accepted a relatively minor technical post in the Ministry of Natural Resources in 1959. After the election of Gustavo Díaz Ordaz as President in 1964, López Portillo moved to the secretary of the presidency (the public investment ministry) to work on a projected administrative reform. Later, he was named undersecretary in charge of planning, public investment and administrative control, another position where his technical expertise held him in good stead. Although he returned to the Ministry of Natural Resources in 1971, Echeverría soon plucked his classmate from relative obscurity to place him at the head of the crisis-ridden Federal Electricity Commission. After only nine months, his meteoric rise continued; he was appointed to the finance post, where he gained a reputation for promoting both efficient taxation and modern methods of budgeting and accounting.

Echeverría has not disguised his wish that the next President will continue his policies. On one occasion he was quoted as saying:

Six years are not enough to resolve many of our problems, both old and new, nor will they be resolved for many years to come. But with the same conviction, I would assert that the foundations have been established for future administrations to develop along democratic and popular lines.¹⁰

Incumbent-generated pressures notwithstanding, new Presidents have a way of becoming independent. The most famous example of this tendency occurred in 1934, when former President Plutarco Elías Calles attempted to project his influence into the term of his hand-picked successor. President Lázaro Cárdenas reacted to the intrusion by branding the old general a Nazi, rousing him out of bed (he was reportedly reading *Mein Kampf*) and expelling him from the country.¹¹ Nor should it be forgotten that the conservative, business-oriented Díaz Ordaz thought he had a known and safe "law and order" candidate in Echeverría, who as interior minister had violently suppressed demonstrating students and workers. Yet, once the *tapado* donned the presidential sash, he became a flamboyant capitalist-baiter, who spared no effort to cultivate Castro and befriend Allende.

The nominee's ability to become his own man springs from his recognized right to shake up the party apparatus and place loyalists in key party positions, while hammering together an efficient campaign organization that will constitute the backbone of his government. In developing a campaign machine for 1976, special attention has been focused on large cities where discontent and PRI support are inversely related. López Portillo has already appointed Cervantes del Río to head the party organization in the slum-infested Federal District, where the revolutionary party captured only 51.7 percent of 439,000 votes cast in the 1973 congressional elections and secured firm majorities in only 7 of the city's 27 electoral districts.¹² His goal is not only to procure a convincing margin of support for the PRI candidate, but to reduce the mounting abstention rate that betokens discontent with the political system. This discontent has also flared up in the urban guerrilla activities of the Marxist 23 of September Movement and in the rural banditry, centered in Guerrero state, of the followers of Lucio Cabañas.

The President-designate will also assert his personal identity in a de rigueur whirlwind tour that will take him to every part of the country. This barnstorming odyssey strengthens the candidate's personal image among the people, enables him to learn about local conditions and problems, and symbolically ties the masses to their creaky and sometimes unresponsive political system. In addition, it requires the greasing and use of the party apparatus in every jurisdiction and brings the candidate into face-to-face contact with local leaders, the most capable of whom he may wish to recruit into his government or mark for rapid advancement within the party. Despite the fact that everyone knows who will win the election, the PRI candidate runs as if he were Harry Truman opposing Thomas Dewey in 1948.

It remains to be seen whether López Portillo will even have an opponent. In an October, 1975, ses-

⁹ A brief biography of López Portillo appears in *ibid.*, October 17, 1975, p. 323.

¹⁰ *Latin America*, September 12, 1975, p. 286.

¹¹ *Ibid.*

¹² *Ibid.*, October 24, 1975, p. 332.

sion, the National Action party (Partido de Acción Nacional—PAN), a conservative, middle class group with ties to business and Catholic interests, failed to agree on a candidate; it will reconvene to decide what course to follow. A significant number of *panistas* argue against a nominee, hoping that López Portillo will have to run unopposed, thereby exposing the charade-like nature of Mexican elections. Detractors of the PRI claim that "democracy exists 364 days and is only missing once a year in Mexico—on election day." At this writing, there is no indication that either the Popular Socialist party (Partido Popular Socialista—PPS), a left-wing, Marxist-Leninist group that urges social democracy and more equal distribution of the wealth, or the Authentic Party of the Mexican Revolution (Partido Auténtico de la Revolución Mexicana—PARM), committed to returning the revolution to the goals of the 1917 Constitution, will field candidates.

Meanwhile, a group of four small leftist parties—the Mexican Communist party, the Mexican Workers' party, the Socialist Action and Unity Movement and the Socialist Organization Movement—stated on April 22, 1975, that they would join together to try to reform the country's electoral law and offer a joint nominee in 1976. Because a party must show at least 60,000 members to win recognition, it is doubtful that any of these groups can attain legal standing.¹³ Another leftist group, the Socialists Workers' party, emerged on May 1, 1975, to denounce "imperialism, the great monopolistic bourgeoisie and their politicians" who were attempting to stymie "revolutionary development" in Mexico.¹⁴

AN EVALUATION OF ECHEVERRÍA

In domestic affairs, Echeverría has blended radical words with conservative action. After five years in office, he has done relatively little to provide either political power or genuine economic opportunities for the country's "have nots," 40 percent of whom are believed to be underemployed or completely without jobs.¹⁵ The chief executive has emphasized his total commitment to the agrarian reform; he often spent weekends touring the countryside, after which he would announce a new government-sponsored scheme to increase productivity in the area inspected. In his administration, the amount of acreage distributed to peasants and their cooperative communities

(*ejidos*) exceeded that dispensed by any President since Cárdenas. But the quality of the land was often poor, and many promised public works projects never materialized.¹⁶ Further, the *ejidos*, which have received 75 million hectares of land from successive governments since 1911 and now have 2 million members, are extremely inefficient in comparison with commercial farming operations in the northern states of Sonora, Sinaloa and Guanajuato. One estimate is that the 70 percent of the rural population affiliated with *ejidos* produces only 35 percent of the annual farm output.¹⁷

Echeverría has not completely ignored the problems of the industrial labor force. Official minimum wage rates have been raised sharply—61 percent since September, 1973—to compensate for rapidly increasing living costs.¹⁸ The average urban worker earns about four times more than his rural counterpart, whose average annual income is about \$175.

The President's rhetoric combined with his hobnobbing with Castro and his welcoming of Señora Allende to Mexico following her husband's death alienated the powerful business, banking and industrial sector. This alienation, coupled with the worldwide recession, caused investment—both domestic and foreign—to stagnate during his administration. At the same time, the country's chronic annual trade deficit reached \$2.8 billion in 1974, while prices shot up 20 to 25 percent in recent years. According to *The New York Times*,¹⁹ the economy grew 6.5 percent in 1974, but a persisting population explosion devoured more than half of this gain.

The right's animosity toward Echeverría was obvious when he hurried to Monterrey to attend the funeral of Eugenio Garza Sada, the father of Monterrey's industrialization, who was slain by guerrillas in 1973. Arriving at the airport, the President learned that the victim's widow adamantly refused to receive him; the bishop who delivered the funeral mass deliberately talked at great length while the President waited impatiently in his limousine outside the cathedral (Mexican Presidents do not enter churches); and one graveside orator, a spokesman for local industrialists, stated bluntly in Echeverría's presence that the government was responsible for terrorist activities because officials were trying "to foment hate and division within social classes."²⁰ Rarely has a

(Continued on page 83)

¹³ *Facts on File*, September 20, 1975, p. 692.

¹⁴ *Ibid.*

¹⁵ Donald W. Baerresen, "Unemployment and Mexico's Border Industrialization Program," *Inter-American Economic Affairs*, vol. 29 (Autumn, 1975), p. 79.

¹⁶ *Bank of London and South America Review*, vol. 9 (August, 1975), p. 441.

¹⁷ Baerresen, *op. cit.*, p. 82.

¹⁸ January 26, 1975, p. 18.

¹⁹ *The New York Times*, August 4, 1974, p. 10.

George W. Grayson has made six trips to Latin America in the past ten years. He is the author of a study of Chilean politics entitled *El Partido Demócrata Cristiano Chileno* (Buenos Aires: Editorial Francisco de Aguirre, 1968) and has written a number of articles for scholarly journals. He lectures at the Foreign Service Institute of the Department of State.

"It is possible that Brazilians have been manipulated too often, and that dramatic policy changes decreed from the top will sooner or later take their toll in the credibility that the government heretofore has enjoyed."

Brazil: The Aftermath of "Decompression"

BY ROBERT M. LEVINE

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BRAZIL'S DRIVE for economic independence and big-power status continued and even accelerated during 1975, but by the end of the year it had faltered, undermined by a series of events that stunned advocates of what had been termed political "decompression" [*distensão*]—the promise that tension would be relaxed in all areas of Brazilian society as the military-led Revolution matured. By mid-1975, hopes for decompression had faded; in October, and again in November, Brazil narrowly avoided a showdown that some observers believed came close to bringing down the government of General Ernesto Geisel.

At the beginning of the year, the dramatic announcement of the discovery of off-shore petroleum (near Campos, in Rio de Janeiro) and the continued success of Brazilian commercial and foreign policy initiatives created a heady atmosphere that spread to the political sphere. Congressmen, journalists and others cheered by the victory of the opposition *Movimento Democrático Brasileiro* (MDB) party in the November, 1974, elections and by promises for decompression began to discuss publicly topics that had been proscribed since the 1964 military coup. There was discussion of the failure of the Economic Miracle to distribute income; there were also arguments for trade union freedom, requests for the right of habeas corpus, and low-keyed conversations about divorce and even abortion, both illegal in Brazil.

Severo Gomes, the minister of trade and industry, emerged as the spokesman for the new (but not formally organized or articulated) coalition of what may be termed "patriotic constructive critics." Gomes, an affable and well-liked official, argued that the nation's economic managers should turn their attention

to the domestic market, taking steps to limit the role of foreign corporations, especially multinationals. He also spoke of the need to redistribute economic wealth, stating that "social equality is more important than mere growth." A *paulista* industrialist reflected his words: "[There can be] no security in the country while there exist hunger, despair and anguish. . . . [I]sn't it possible to give the worker simple justice, restoring his real wage?"¹

President Geisel's backing for Severo Gomes's veto of a proposed takeover of a domestic appliance manufacturer by the transnational Dutch Philips Corporation was taken as a major boost for the nationalist position and a setback for the "traditional" policy followed since 1964 by three successive finance ministers, Roberto Campos (now minister in London), Antônio Delfim Neto (ambassador to France), and incumbent Mário Hénrique Simonsen. Despite deep personal differences, each of these three men have sought the full integration of Brazil into the world economy, accepting (and recruiting) foreign capital as the necessary lubricant for rapid growth.

A NUCLEAR AGREEMENT

Following a course between the two positions, Geisel's representatives initiated moves on several fronts. The most visible of these measures was part of a larger decision to curtail excessive economic dependence on the United States; a \$4.5-billion agreement between Brazil's nuclear power agency, Nuclebras, and the West German firm of Kraftwerkunion for the construction of eight nuclear reactors and the technology and facilities to enrich uranium and reprocess the fuel into plutonium. The contract, which London's *Financial Times Survey* called one of the biggest commercial deals of the century, raised substantial worry among United States officials, on the grounds that nuclear reprocessing and enrichment plants are potential targets of terrorists or of gov-

¹ Mírcio da Cunha Rego Miranda, cited in *Latin America* (London), vol. 9, no. 29 (July 25, 1975), p. 226. See Severo Gomes's quote in *Latin America*, vol. 9, no. 4 (January 24, 1975), p. 31.

ernments attempting to construct nuclear weapons.²

In addition, Brazil stepped up her purchase of armaments from Great Britain (for the navy) and France, including fighter planes and radar equipment. Brazilian military officials have been decidedly cool toward the United States, a posture that some have attributed to Brazilian disgust at the United States defeat in Indochina. Brazil also ordered \$650 million for the construction of 45 merchant ships, perhaps the largest shipbuilding contract ever negotiated. Two-thirds of the vessels will be built by the British firm of Austin & Pickersgill.

Brazilian officials also took steps to increase commercial ties with members of the Communist bloc, a policy all the more ironical in the light of what can only be described as vicious anticommunism at home. While Justice Minister Armando Falcão told 500 delegates from 70 countries at the Eighth World Anti-Communist League's Rio Congress in April that communism was an "ideological leprosy," Brazil prepared to receive visiting emissaries from Romania, Poland and the People's Republic of China. Trade agreements included the sale of 60,000 pairs of women's shoes to the Soviet Union, shipments of sugar to China, and the purchase of 15 million tons of coal from Poland in exchange for the sale of 12 million tons of iron ore over the next ten years.

Brazil—like Mexico—has attempted to increase her public solidarity with the third world bloc. Her continued animosity to Cuba and her grant of comfortable asylum to Portuguese ex-heads of state Marcello Caetano and Antônio de Spínola notwithstanding, Brazilian representatives in Lima and in Mexico City joined the nonaligned nations' resolution against "Zionism, colonialism, neo-colonialism, racism, and apartheid"; at the United Nations General Assembly, the Brazilian ambassador was the only Latin American delegate who allowed himself to be quoted in support of his nation's anti-Zionist (read, anti-Israel) vote. This rather abrupt policy change

² *Financial Times Survey* (London), September 23, 1975, p. 1; Marvine Howe, in *The New York Times*, July 2, 1975. The most complete description of the nuclear pact is in *Latin America: Economic Report* (London), vol. 3, no. 74 (June 20, 1975), p. 93. The official Brazilian government position is summarized by Minister Azeredo da Silveira in "Boletim Especial," no. 25 (Washington, D.C.: Brazilian Embassy, September 27, 1975).

³ See *Latin America*, vol. 9, no. 27 (July 11, 1975), p. 211.

⁴ See, for example, *Veja e Leia* (São Paulo), October 22, 1975, pp. 19, 80-90.

⁵ *Latin America*, vol. 9, no. 24 (June 20, 1975), p. 188.

⁶ Campos was absolved by Congress but suspended by presidential decree under Institutional Act #5. See *Latin America: Economic Report*, vol. 3, no. 14 (April 11, 1975), p. 53; *Latin America*, vol. 9, no. 27 (July 11, 1975), p. 215; no. 36 (September 12, 1975), p. 285.

⁷ Hugh O'Shaughnessy, "The Cost of Miracles," in *Financial Times Survey*, September 23, 1975, p. 4. For the Brazilian position, see "Social Aspects of Brazilian Economic Development" (London: Brazilian Embassy, December, 1974), esp. pp. 1-16.

alarmed the 100,000 members of Brazil's Jewish community, especially when Foreign Minister Azeredo da Silveira publicly linked support of the anti-Zionist resolution to Brazilian patriotism.³ Brazilians also assumed a belligerent posture at the Pan American Games in October, where reporters praised the vehemently anti-United States Mexican crowds and even sympathized with the Cubans.⁴

NATIONALISM OR DEVELOPMENT?

The debate over Brazil's economic independence reached its peak in June when 65 foreign and multinational firms sent representatives to a meeting in Brasília chaired by MDB deputy Alencar Furtado, "very much sitting" (as an observer wrote) "in judgment on the Brazilian economy, interrogating senior ministers as to their intentions, and complaining at any constraint on their freedom of action."⁵ Delegates, moreover, expressed "strong corporate dislike" of the policy of political decompression. Having protested to Finance Minister Simonsen and Planning Minister João Paulo dos Reis Veloso about the regulation of royalty payments and taxes on profit remittances, the representatives further objected to having to submit for approval agreements on trademarks and patents to the Instituto Nacional de Propriedade Industrial, a board controlled by Severo Gomes.

Matters worsened in July when a major scandal erupted involving large bribes from the United States Northrop Corporation for the proposed purchase of F-5 aircraft and from a French company seeking to sell railroad equipment to the state of São Paulo. The scandal implicated, among others, several of former President General Emílio Garrastazú Médici's Cabinet ministers and the late President Artur da Costa e Silva's widow. This followed the near collapse of the Ipiranga financial group (whose losses had to be absorbed by the Brazilian Central Bank) and the bankruptcy, a year earlier, of the Banco Halles. Brazilians were also unnerved by the so-called Moreno Affair, the discovery that Senator Wilson Campos (ARENA-Pernambuco) was personally charging one percent for favoring loan applications to the Development Bank of the Northeast.⁶

In short, the economic situation was characterized by nervousness, not only among competing civilian ministers but among the military as well. The world economic recession and the petroleum crisis pushed Brazil's costs for oil imports from an average annual figure of \$276 million between 1968 and 1972 to \$2.8 billion in 1974. At the same time, debt obligations soared to over \$2.5 billion in 1974. By 1977, according to the *Financial Times*, there will be no reserves left and the foreign debt may become unmanageable.⁷ In 1974, the rate of inflation probably ranged between 28 percent and 35 percent; that same year, there was a 24 percent increase in exports,

consisting mainly of sugar, soybeans and iron ore (coffee, the traditional export, suffered because of disastrous frosts and torrential flooding).

Social tensions, almost always below the surface in post-1964 Brazil, exploded in July, when, for the second time in two weeks, mostly lower class passengers of the overcrowded *Central do Brasil* railroad in Rio de Janeiro demonstrated their frustration at equipment breakdowns by smashing nine train stations and stoning riot police.⁸ President Geisel visited the city in the aftermath of the disturbances, but the events were not widely publicized. Still by mid-month the tide began to turn against *distensão*.

Praising the policies of his predecessors, Geisel warned Congress that much of the talk about decompression was idle rumor. A wave of arrests followed; 37 members of the paramilitary São Paulo Military Police were arrested by CODI-DOI (formerly *Operação Bandeirantes*) and 11 army officers were arrested for "studying literature from the Portuguese Armed Forces Movement."⁹ To critics, the clock had been turned back to the Médici era. On August 21, rioting broke out in Rio's Copacabana after police killed a student; the fighting lasted for several hours.

Full-scale repression returned in September, exacerbated by military command fears of internal subversion on the Portuguese model. Officials also began to look with alarm at the universities, where, despite an atmosphere of careerism and apolitical expression after 1968—the last year of major student disturbances—students had begun to smuggle political material from Portugal and were becoming increasingly militant.¹⁰ Geisel, whose earlier tolerance of *distensão* talk had upset hardliners, now acted as if he were being pressed to enforce his authority.

In Paraná and Rio Grande do Sul, several dozen MDB members were arrested for supposed links with the Communist party, and military commanders were reshuffled to bolster Geisel's strength against anti-*distensão* officers. Allegedly, these even included his brother, former Army Minister Orlando Geisel, who was quoted as remarking that "Ernesto thinks he was elected by the people." The bombshell burst when the President addressed a national television audience on October 9, revealing a totally new policy toward

foreign oil firms, which torpedoed the aspirations of the Severo Gomes nationalists.

In his October 9 speech, Geisel announced a 25 percent increase in domestic petroleum prices, a 15 percent cut in imports for the public sector, new fiscal incentives for exporters, and permission for Petrobrás, the national oil monopoly that Geisel himself directed before assuming the presidency, to contract non-Brazilian oil companies to search for oil and develop the existing offshore fields. Newspapers and other media were forbidden to discuss the controversial oil contracts (*contratos de risco*). For the first time since 1964, the burden of the new policy would probably be felt by the consumption-oriented, urban middle class.

At the same time, President Geisel allowed public airing of disappointment over the policy of regional economic integration, as if to distract criticism of his Petrobrás decision. State officials made surprisingly strong denunciations of the administration's failure to reverse the growing disparity between the quality of life in the north and in the prosperous center-south. Senator Luis Vianna Filho (ARENA-Bahia) stated that, after five years of progress between 1965 and 1970, the northern states had begun to lose ground, especially in agriculture. Others noted that the northern states surrendered more in federal taxes than they gained in fiscal incentives for industrialization; they called attention to the fact that infant mortality rates were rising steadily.¹¹ A congressional commission investigating land distribution in the rural northeast was told that during the four years of its existence, the land reform institute, INCRA, had turned over property deeds to only 75 settlers.¹² Yet the disclosure itself suggested that some aspects of *distensão* would be allowed to survive.

ANGER AND MOBILIZATION

In the weeks following Geisel's pronouncement on economic policy, political and military police accelerated the rhythm of arrests, which, along post-Allende Chilean lines, had amounted to roundups of students, clerics, professors, journalists, and other suspected "subversives." Centered in São Paulo, whose Second Army commanding General Ednard d'Avila declared that he would root out the "red fascists" infiltrating Brazil, the dragnet netted at least 200 persons during the week of October 15. The death of one of them, Vladimir Herzog, on the day of his arrest unleashed the most spontaneous anti-government demonstration since the military took power more than 11 years before.

The body of the 38-year old Yugoslavian-born journalist, who was a professor of communications at the University of São Paulo, the news director of TV Cultura, and a correspondent for the British Broad-

⁸ *Latin America*, vol. 9, no. 29 (July 25, 1975), p. 230.

⁹ See the comments in *O Estado do São Paulo*, August 5, 1975, cited in *Latin America*, vol. 9, no. 31 (August 8, 1975), p. 247 and the reply by MDB leader Ulysses Guimaraes in vol. 9, no. 32 (August 15, 1975), p. 250.

¹⁰ *Latin America*, vol. 9, no. 35 (September 5, 1975), p. 277.

¹¹ Túlio Matos, president of the Federation of Pernambuco Industries, and Dr. Nelson Chaves, head, Institute of Nutrition, in *Latin America*, vol. 9, no. 42 (October 24, 1975); p. 330.

¹² *Latin America*, vol. 9, no. 43 (October 31, 1975), p. 344.

casting Company as well as for the conservative journals *Visão* and *O Estado de São Paulo*, was returned to his widow in a sealed coffin and his death was explained as suicide by hanging. Herzog, who had voluntarily surrendered when notified of the intention of the military police to arrest him along with 10 other journalists, died within three hours of his arrival at the prison. It is known that local military officers were incensed at complaints raised by *paulista* journalists in the spirit of *distensão* at a meeting of the Inter-American Press Association in São Paulo two weeks earlier, and that hardliners were especially angry at the state Minister of Culture, Science and Technology, industrialist José Mindlin, but no evidence linked Herzog to any specific grievance. Herzog, who like many of those arrested was Jewish, was not buried as a suicide, and it was universally understood that he had been tortured to death.

On the following day, a storm of protest swept the city of São Paulo. Fifteen thousand university students and professors struck for 24 hours. Angry protests were held in other major cities. Eight thousand persons attended a memorial service at São Paulo's Catholic Cathedral (led by Cardinal Archbishop Paulo Evaristo Arns, a rabbi, and a Presbyterian clergyman) despite attempts by police to paralyze traffic by erecting roadblocks. Two other deaths at the Internal Operations prison were reported later in the week.¹³

In late November, all universities in Rio de Janeiro were closed for the remainder of the semester by decree. The anti-subversive campaign continued; its sponsors warned Geisel himself by attacking his close friend and supporter, Governor Paulo Egydio Martins of São Paulo. The President responded by retreating from public view.

The military, which apparently had in recent years become more sensitive to world opinion on the sub-

¹³ See *The New York Times*, October 31, 1975, p. 10; *Newsday*, November 4, 1975, p. 35; *Latin America*, vol. 9, no. 43 (October 31, 1975), p. 377, and no. 44 (November 7, 1975), p. 346. A fellow journalist, Luís Paulo Costa, arrested with Herzog, was released after two weeks with perforated ear drums, missing teeth and an injured spine. The Herzog case and its implications are discussed in a letter to the *New York Review of Books* signed by five distinguished Brazilianists, Richard Morse, Thomas E. Skidmore, Alfred Stepan, Stanley J. Stein, and Charles Wagley, "Brazil: the Sealed Coffin," vol. 22, no. 19, p. 5.

¹⁴ *Latin America*, vol. 9, no. 44 (November 14, 1975), p. 358.

¹⁵ *O Estado de São Paulo*, November 1, 1975, p. 4.

¹⁶ Helder Câmara, address at the University of Chicago, October 29, 1974, reprinted in *LADOC*, vol. 6, no. 60 (Washington, D.C.: September–October, 1975), p. 35.

¹⁷ Marco Aurélio de Alcantara, in *Confidencial Econômico-NE*, Recife, vol. 5, no. 118 (December, 1974), p. 1.

¹⁸ The optimism over *distensão* is conveyed in Tad Szule, "Letter from Brasília," *The New Yorker*, February 25, 1975, pp. 72–87. See also Eul-soo Pang, "Brazil's Pragmatic Nationalism," in *Current History*, January, 1974.

ject of political arrests and the widespread use of torture, subsequently reaffirmed the need for armed forces unity. Brazilians, who have long claimed a national genius for compromise, relied on this tradition to stop short of total confrontation, and it was generally conceded that the outpouring of public anger had forced the military hardliners to curtail their witch hunt. In an apparent move to mollify public opinion, in early November military judges acquitted six accused Communists; in São Paulo, students called off any further protest strikes.

One of the more courageous federal deputies, Leite Chaves (MDB-Paraná) inflamed right-wing anger on October 27, with a speech comparing the army's campaign of repression to Hitler's Gestapo. But before he could be punished he apologized, rather obsequiously, positing the "indispensability of the actions of the armed forces in maintaining order and social peace."¹⁴ Others, focusing on the impact of the crisis on the presidency, urged that the Cabinet be reshuffled: an editorial in *O Estado de São Paulo* declared that, "it is now universally agreed that the present ministers are the weakest, the least expressive of the whole revolutionary period."¹⁵ Bishops in São Paulo declared that November 14 was a day of fasting in behalf of human rights, echoing the warning of the outspoken Archbishop of Olinda and Recife, Dom Helder Câmara, that the Church no longer exercises power over heretics and anti-Christians.¹⁶ By year's end, it was widely believed that the issues that had provoked conflict had not been resolved, but that changes would inevitably be forthcoming. The matter of economic nationalism—exacerbated by Finance Minister Simonsen's late decision to permit foreign investment in the stock market—was merely removed from public view, while the debate continued to rage behind the scenes.

CONCERN

"Within a decade," the editor of a Recife-based economic periodical wrote as 1975 approached, "we will find ourselves in the Orwellian year of 1984. But we are constructing the future today."¹⁷ The year dawned, to some measure, in an atmosphere of optimism. Brazil appeared to have solved its ominous reliance on imported petroleum, fresh political breezes were beginning to flow across the landscape, and Brazilian leaders seemed to be facing the future with a continued store of bold initiatives based on earlier successes.¹⁸ But within months it had become evident that the managers of public opinion had mis-

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"...the Chilean military is beginning to find out that it is one thing to remove a leader and another to govern. The junta holds political power by force. How long the regime will last is difficult to assess."

Chile Under the Jackboot

BY SALVATORE BIZZARRO

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EARLY TUESDAY morning, September 11, 1973, Santiago turned into a bloody battleground. A few hours later, Chile lost her chance to build socialism within the framework of constitutional democracy and thus to set an example for Latin America and the rest of the underdeveloped world. Instead, her Marxist President (1970-1973) Salvador Allende Gossens, who had been elected to a six-year term with the pledge that he would bring about a socialist revolution through peaceful means, met his death in the presidential palace resisting a well-coordinated military coup. It is ironic that Allende had attempted to effect a Socialist revolution working within a constitution that had defended capitalist interests since its adoption in 1925, and that he believed that a Marxist revolution was possible without an armed struggle. It is also ironic that the army, traditionally the defenders of constitutionality in Chile, not only overthrew Allende but did away with the constitution as well, employing the Maoist maxim that "power comes out of the barrel of a gun." In his three years in office, Allende had rejected that maxim and had sought to prove that socialism and civil liberties were not incompatible. The failure of the Chilean experiment marked an ominous turn in the tortuous search for social justice, political stability and economic reform in Latin America.

It is nearly two and a half years since the military junta proclaimed a state of emergency in Chile "to restore national dignity" and "to uphold legality and the constitution." The aims of the junta, nevertheless, have been to entrench political power by dictatorial rule. A succession of decrees has dissolved the national Congress, suspended most civil liberties (including the right of assembly), banned the Central Workers Confederation (Central Unica de Trabajadores—CUT) with a membership of more than one million, outlawed strikes and collective bargaining, and done away with most of the hard-won reforms of previous administrations in the land tenure system. Political parties representing the left have been outlawed; those representing the center and the right have been declared in "indefinite recess." The junta has also emasculated the already weakened court system by quashing all the habeas corpus petitions and postponing the civil trials of an estimated six thousand to seven thousand political prisoners. Moreover, it has imposed heavy censorship on the press and the television network, not unlike the censorship in Brazil, and has purged the universities of all civilian control and of all leftists.

The demise of Chilean democracy and the entrenchment of authoritarian powers have come at a great social and economic cost. Since much has been written about United States involvement in Chile, the following pages will concentrate on Chile today.*

Santiago today has an appearance of tranquility. With most of the opposition in exile or behind bars, the junta's chief problem seems to be the economy. Among the junta's top economic advisers are members of the right-wing National party (Partido Nacional—PN), the neo-fascist Fatherland and Liberty (Patria y Libertad), the Christian Democratic party (Partido Demócrata Cristiano—PDC), and a group of United States-trained, laissez-faire economists known as the "Chicago Boys." As has been pointed out by Alan Angell, the economic policies of the junta boil down to "massive deflation, substantial devaluation, a warm welcome of foreign capital and austerity programs for the poor."¹ Basically, General Augusto Pinochet Ugarte, President of the four-man junta, wants to return to a free market economy with none of the bloated unemployment lists, subsidies or price controls of the Allende government.

Under Finance Minister Jorge Cauas, the government is resorting to "economic shock treatment." A 15 to 25 percent reduction in government spending

* For excerpts from the U.S. Senate report on CIA activities in Chile, see pp. 79ff of this issue.

¹ Alan Angell, "Chile One Year After the Coup," *Current History*, vol. 68, no. 401 (January, 1975), p. 13.

for 1975 has resulted in a slowdown in production and a massive increase in unemployment. A clear picture of unemployment figures is difficult to obtain. In the shantytowns (*poblaciones*) around Santiago, about 50 percent of the potential work force is unemployed (official figures are, of course, much lower). The latest statistics released by the University of Chile's economics department show that unemployment in the capital rose from 10.3 percent in June, 1974, to 16.1 percent in June, 1975,² with a projected rise to 20 to 25 percent by June, 1976.

The significance of these figures is that the recession is now affecting middle-income groups who have traditionally supported the Christian Democrats and, more recently, the junta, as well as lower-income groups, who have been excluded from the political process altogether since the fall of Allende. This tightening of belts is breeding discontent and has narrowed President Pinochet's already minimal political base.

Ex-President (1964-1970) Eduardo Frei Montalva, representing the right-wing of the Christian Democratic party "in recess," was the first public figure to criticize the junta's economic policies; he spoke out in a carefully worded interview with the pro-junta weekly, *Ercilla*.³ Frei warned that the junta's rejection of economic controls would lead to monopoly and suggested that it would be possible to stop inflation by reducing the economic activities of a country to "the extreme." But then "the country would have no inflation and also no development."

Frei also ventured political criticism when he stated: "I deem indispensable a political change. Nevertheless there are no magic formulas, or formulas of a populist nature. To offer them would be to deceive the people."⁴

The most influential political figure to criticize the economic policies of the government was Air Force General Gustavo Leigh Guzman, himself a member of the junta. In a speech in August, 1975, General Leigh referred to the high social costs of the government's economic program. He was opposed to a decree law signed by Pinochet that would have evicted thousands of shantytown dwellers from illegally occupied land.⁵ Surprisingly, General Leigh rep-

resents the most right-wing elements of the now defunct Patria y Libertad. Leigh is concerned not so much with the effects of the regime's economic policies as with the junta's disregard for those affected. He would like to see the government try to win a degree of popular support because the failure to develop a social base means the downfall of any government.⁶

Members of the maritime workers' union and other small pro-government unions have also made it clear that they are displeased with the new labor code because it suppressed the unions. Seventeen union leaders sent a letter to the ministers of economics, finance and labor warning that unless the government talked with union leaders and allowed a minimum of freedom for normal union procedure, clandestine trade union organization would be encouraged. They also complained about official price and wage indexes. While prices had increased an incredible 5,000 percent, wages had risen only 2,500 percent. The union leaders asked for wage settlements linked to the cost of living index.⁷

The shock treatment to the economy is having its desired impact in slowing down the rate of inflation; but the outlook for the military is hardly encouraging. It is likely to be more alarmed by the economic cost of the policies of Jorge Cauas than by the much publicized social cost. In the last quarter of 1975, the rate of inflation was reduced considerably from 403 percent (during the period from August, 1974, to August, 1975) to 221 percent.⁸ Given past performance, the figures are certainly encouraging. But this may be the only bright outlook for Pinochet. Unemployment and the money to buy only the barest necessities have been the lot of a substantial portion of the population and have brought to mind the hardships incurred during the last two years of the Allende regime.

A drop in the world price of copper has beset Chile's balance of payments. The international price during the first half of 1975 was 57.39 cents a pound (as opposed to 80 cents in August, 1974, and \$1 in December, 1973) and 63 cents for the second half of 1975. The loss in copper revenues was calculated at \$594 million for the first six months of 1975 and was projected to be another \$500 million for the remainder of 1975.⁹

The decline in the demand for copper and its subsequent fall in price have forced the government to reduce production by 15 percent. Industrial production in general dropped by 21.7 percent for the first nine months of 1975 compared to the first nine months of 1974; sales went down by 19.5 percent for the same period. According to the Sociedad de Fomento Fabril (SOFOFA), exports went down by 44.4 percent, and their values were reduced by 36.7 percent. Because of domestic scarcity and the rocket-

² *Latin America* (a weekly political and economic report); London: Latin American Newsletter Ltd., vol. 9, no. 36 (September 12, 1975), p. 281. (All other references to this publication will be by volume, number, and date).

³ "Frei analiza la situación económica," *Ercilla*, no. 2987 (Semana del 38 de mayo al 3 de junio), pp. 8-12.

⁴ *Ibid.*, p. 11.

⁵ *Latin America*, vol. 9, no. 34 (August 29, 1975), p. 266.

⁶ *Ibid.*, p. 268.

⁷ *Ibid.*, p. 268.

⁸ *Latin America*, vol. 9, no. 36 (September 12, 1975), p. 281.

⁹ *Latin America*, vol. 9, no. 42 (October 24, 1975), p. 335.

ing cost of oil, Chile's imports increased and thus further upset her balance of payments. The National Agricultural Society (SNA) predicted that food imports would cost Chile some \$500 million for 1975.

In the October, 1975, issue of the Jesuit monthly *Mensaje*, Chilean economist Sergio Molina, who was minister of finance in the Frei administration, predicted that the government would not be able to maintain a reduction in spending for much longer because a reduction in spending also means a reduction in investments and a substantial decline in the purchase of goods and services. "As a result, state assistance to economic and social development, as well as the quality of public services, has declined to levels that will be difficult to maintain for long."¹⁰

In mid-1975, a brief respite was accorded the Chilean economy when 12 out of 14 nations of the so-called Club of Paris, including the United States, France and West Germany, agreed to renegotiate the Chilean debt (Italy and Britain boycotted the Paris meeting because of the reported torture of political prisoners held by the Chilean police and the military). In spite of this, however, there were no signs that the Chilean economy was moving out of its slump. On the contrary, the steep increase in the prices of bread, sugar, flour and oil caused resentment and discontent to build up dangerously by the end of 1975.

To Chileans and outside observers, the economic cost of the junta has been excessive and has had a negative impact on the country. In Santiago and other large cities, as well as in the interior, a sense of unease on the part of many Chileans is unmistakable.

REPRESSION

Under President Pinochet, Chile has institutionalized brutality and human torture. Since the overthrow of Allende, the junta has adopted most of the classic tools of dictatorship to guarantee its political control.

Immediately after the coup, for "the defense of democracy" and "political stability," the military government began jailing thousands of people, most of them without charge or warrant. Large landowners in the Central Valley, protected by the *carabineros*, the Chilean paramilitary police, seized a long-awaited opportunity to recover their landed estates and to eliminate local peasant leaders. Once the heat and confusion of the battles were over, police and military authorities began the systematic torture of political prisoners that continues to this day. Numerous examples of torture have been cited

by an impressive list of international agencies, but the most substantial reports have come from Amnesty International, the International Commission of Jurists, and the Human Rights Commission of the United Nations. The toll in human life has been staggering. Church and legal sources estimate that the total number killed in the last two years ranges from 18,000 to 30,000.

On July 4, 1975, President Pinochet refused to allow the United Nations Human Rights Commission delegates to study alleged violations of human rights in Chile. This decision provoked a sharp protest from the United States State Department to the Chilean government, because the United States had used its influence during a meeting of foreign ministers of the Organization of American States in May to avoid a debate on human rights in Chile. Pinochet's ban was imposed against the advice of Patricio Carvajal, his foreign minister, who had promised the delegates full guarantees in an attempt to establish a more viable international image for Chile. The Chilean President replied formally in August that his government would conduct its own investigation.

Perhaps the most serious charge against Chile in recent months has been made by the families of 270 political prisoners who were jailed by the Chilean Secret Police and who subsequently disappeared. The issue was sharpened when one Brazilian and two Argentinian publications listed 119 persons as having been killed by a "death squad," supposedly made up of members of the extreme left-wing Chilean Revolutionary Movement (MIR, Movimiento de Izquierda Revolucionario). The MIR allegedly executed its victims in Argentina, Brazil, Venezuela and Mexico in a "guerrilla vendetta." All 119 names, however, coincided with the list of the 270 missing persons who had been taken prisoners by agents of the Chilean secret police.¹¹

Responsibility for the majority of political arrests lies with DINA (Dirección de Inteligencia Nacional), Chile's dread secret police. The agency represents an extraordinarily varied investigative network that covers air, naval, military and police intelligence (even though these branches of the armed forces have their own investigative apparatus). Headed by Manuel Sepúlveda Contreras (most likely a pseudonym), DINA has recently enlisted as a consultant the former Nazi colonel Walter Rauff, who supervised the extermination of thousands of Jews at Auschwitz.¹² The agency is under direct orders from Pinochet and rumor has it that it was responsible for a number of bombings, including the one which killed General Carlos Prats González and his wife in Buenos Aires in February, 1974.

General Prats was one of the few Chileans in public life capable of organizing a coalition of opposing forces for a return to constitutional rule. Ber-

¹⁰ *Ibid.*

¹¹ "Evidence Growing on Torture in Chile," *The New York Times*, October 19, 1975, p. 3.

¹² "Law and Order in Chile," *The New York Times Magazine*, April 13, 1975, p. 83.

nardo Leighton, another distinguished Chilean with the same intentions, was shot in Rome in October, 1975. He had been minister of the interior (the equivalent of the United States Vice President) under Frei, and was one of the founders of the Christian Democratic party. Miraculously, he was not killed.

Leighton had wanted a return to constitutionality and had met in Caracas with a group of Socialist leaders to strengthen the alliance of exiles and the anti-junta wing of the Christian Democratic party (see below). If the attempt on his life is traced back to Chile and to DINA (so far there is no evidence to pin the blame on the agency), it is likely to illustrate further to what extent the secret police in Chile will go to achieve its ends, including the elimination of all opposition.

The Chilean government charges that all questions raised about political prisoners and police methods are part of a campaign by exiles and "international communism" to blacken the image of Chile and the junta. Certain groups in the United States, among them Amnesty International and the American Civil Liberties Union, have been singled out by the Chilean press as "arms of the Communist party in the United States." Replying to the question of why the country continues under a state of siege, President Pinochet said (on the second anniversary of the coup) that Chile is orderly today precisely because of the state of siege. He added, "I will die and my successor will die but there will be no elections."¹³

Chile was one of 70 countries that voted in October, 1975, in support of the Arab-inspired United Nations resolution linking Zionism with racism. The United States delegation regarded Chile's vote as an attempt to buy Arab support against charges that the government of Chile was responsible for torture and other violations of human rights.¹⁴ The vote angered many United States government officials, who are putting pressure on President Gerald Ford to reduce economic aid to Chile and to stop military aid altogether.

On November 3, 1975, Senator Edward Kennedy (D., Mass.) introduced an amendment to the foreign aid bill to limit assistance to Chile to \$90 million for

¹³ "Olvidense de elecciones y trabajen más," *La Segunda*, September 12, 1975, p. 3.

¹⁴ "U.S. Aide Charges Chile Sold U.N. Vote to Arabs," *The New York Times*, October 19, 1975, p. 1.

¹⁵ "Limitation on Assistance to Chile," *Congressional Record*, vol. 121, no. 161 (November 3, 1975), pp. 1-3.

¹⁶ *Ibid.*, p. 4. Of all the detention centers mentioned above, perhaps Ritoque is the least degrading while Dawson island is the worst. Luis Corvalán, secretary general of the Communist party, was taken with other leftist leaders to Dawson island first, where he was tortured, then to Ritoque; he is now in a Santiago jail. He was one of the people who would have been visited by the U.N. Human Rights Commission had they been permitted to go to Chile.

fiscal 1976 and \$50 million for fiscal 1977 (as opposed to \$112 million for the government of Chile during fiscal 1975). The reasons for the reductions were obviously the recent Chilean vote on Zionism and the secret trials of political prisoners conducted by the military.¹⁵

The report that concentration camps are operative in Chile has angered many governments around the world. Norway, for example, has set up a symbolic high court of justice in Helsinki to condemn the Chilean junta for the cruel and inhuman treatment of political prisoners. Chilean detention centers have been reported in Pisagua (Tarapacá), Chacabuco (Atacama), Tres Alamos and Cuatro Alamos (Santiago), Melinka or Puchacaví and Ritoque (Valparaíso), Dawson island (Magallanes), and Quiriquina island (Concepción).¹⁶

It is becoming increasingly evident that if police terror and economic deterioration are not reversed, many more Chileans will blame Pinochet and the junta for the cruelty and misery in their country.

CHURCH AND STATE RELATIONS

The Roman Catholic Church has emerged as perhaps Chile's strongest institutional bridge to future social progress. In the bloody days of the coup, the archbishop of Santiago, Cardinal Raúl Silva Henríquez, called on the armed forces for restraint. Like many other people, he thought that the killing and torture and mass arrests that followed might be a transitional phenomenon. When he realized that the military junta had begun a campaign to suppress the opposition, he became more critical of the government. He made it known that the Church believed in the right to life, liberty, and personal security; the right to equality before the law; the right to religious freedom of worship; the right to freedom of investigation, opinion, expression, and dissemination of ideas; the right to a fair trial; and the right to due process of law. The cardinal is a firm advocate of Article 18 of the United Nations Charter and the Geneva Convention and wanted the members of the junta to

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Salvatore Bizzarro has made numerous trips to Mexico and to South America in the past ten years. He is the author of the *Historical Dictionary of Chile* (Metuchen, N.J.: Scarecrow Press, 1972); has been a contributor to the *Hispanic American Report* (Stanford University); is on the editorial board of the *Latin American Yearly Review* (Paris, France); and has written a number of articles for scholarly journals. He is regional coordinator for Colorado, Wyoming, Utah, Montana, and Idaho for the Emergency Committee to Aid Latin American Scholars (ECALAS—a committee of the Latin American Studies Association).

"Banzer has bought himself a little time and some fleeting paper victories. It remains to be seen how high a price his regime will pay for raising national and military aspirations that will be difficult to satisfy."

Banzer's Bolivia

BY LAURENCE WHITEHEAD

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WHEN GENERAL Hugo Banzer seized the presidency of Bolivia in August, 1971, few would have predicted that the *petizo* would last out a "normal" four-year term. His three immediate predecessors in the presidency had only lasted six, twelve and ten months, respectively.¹ His power seemed to rest on a fragile compromise among various factions of the turbulent military and two office-hungry but bitterly antagonistic civilian parties—the Movimiento Nacional Revolucionario (MNR) and the Falangist Socialista Boliviana.

Economic factors also pointed to trouble for the new regime. If private investment were to be made attractive again after the insecurities of the previous radical military government, major beneficiaries of the state budget would have to foot the bill, and their political sympathies would be alienated. Alternatively, if the new regime were to consolidate its hold on the military and the political parties by inflating the public payroll and generally distributing largesse, the long-term viability of the economy would be further undermined, and with it the eventual stability of the regime.²

Left-wing opposition parties also thought that the new regime would soon run into difficulties. They believed that Bolivian private enterprise (which was given an explicit share in the spoils of office—initially two ministries—allegedly in return for financing the August coup) was too weak and divided to sustain an "anti-popular" ascendancy for long. The labor and student movements would eventually recover from the setback of the 1971 "People's Assembly," and their offensives would drive the government either to excesses of repression or into outright dependence on its "imperialist" sponsors (as the left regarded Brazil and the United States). According to this viewpoint,

either outcome would produce internal decomposition of the reactionary dictatorship and would provide new opportunities for mass mobilization against it. Lastly, geopolitical considerations also pointed to continuing regime instability—the pro-Brazilian orientation of the new government (and particularly of the Falangist party which acquired the foreign ministry) seemed likely to produce counterpressures from the radical nationalists of the Andean Group; Brazilian influence might also elicit a degree of rivalry from Argentina, where Peronism was reviving.

In the event, however, despite these plausible prognoses, Banzer was still in office in 1975 to celebrate the completion of his fourth year as President. Admittedly, the celebrations were rather muted, since the incumbent had no wish to emphasize a date which, according to constitutional conventions, would point to the imminence of a transfer of power. Officially, lip service is still being paid to the tradition of a four-year presidential term, but the regime now assumes that the current mandate began in November, 1974, when political parties were displaced by a purely military regime. Thus, Banzer not only survived his first four years, he has already served for the longest continuous period in office of any Bolivian President in this century, and he apparently plans to hang on at least until 1978. Neither political intrigues, nor class struggles, nor geopolitical upheavals have unseated him or modified the essential characteristics of his regime. As for the economic contradictions that once threatened his government, the oil bonanza has so far more than outweighed any wastage from official mismanagement.

So relatively successful (or lucky) has Banzer been that in 1975 even some opposition-minded Bolivians grudgingly admitted that his regime was more acceptable to them than those of most of their five neighbors. However, this must not be misunderstood. Opposition elements have not been reconciled to the regime; far from it. They may have been impressed by their geographical isolation and by the savagery of neighboring "reactionaries," most

¹ For the radical experiments of 1970–1971 leading up to Banzer's seizure of power, see *Current History*, February, 1972.

² This second alternative was stressed by the author in "The Devaluation of the Bolivian Peso," *International Currency Review* (London), March/April, 1973.

notably in Chile. But the potential for mass confrontation with the dictatorship has not disappeared, as the government is only too well aware. Banzer's precarious stability requires both continuing good luck and sustained success for his strategy of isolating, controlling and demoralizing the various nuclei of active resistance, which include the universities, the labor unions and, at times, some peasant *sindicatos*.

At a superficial level, Bolivian politics may seem like a game of musical chairs in which the President has the advantage of both shuffling the chairs and blowing the whistle. In any particular upheaval, therefore, he has a better chance of surviving in office than his closest collaborators. Buffeted by an endless series of crises, nevertheless, he is often diverted from more constructive activity and over a series of incidents there will inevitably come one in which his timing will fail. Banzer's first four years can be fitted without difficulty into this framework, as the fate of Colonel Andrés Selich dramatically illustrates. Seeing himself as leader of an anti-Communist crusade, Selich shared Banzer's main qualifications for the presidency, for both men had recently led uprisings against the Juan José Torres government: indeed, Selich had succeeded where Banzer had failed. But Banzer's defeat meant that he was available (in jail) in the capital, while Selich's success in seizing the lowland city of Santa Cruz detained him there, in his remote regional power base, at the critical moment when the Torres government was overthrown and the new President was installed.

Banzer compensated Selich with the next-best post as minister of government, and for a time he seemed the strong man of the regime. He organized fierce and indiscriminate repression, but his Manicheism cannot have been entirely welcome to the professional trimmers who occupied most top posts in the Bolivian military. Thus, when the worst of the persecution was over, Banzer earned widespread acclaim by rallying a broad coalition against his own second-in-command. In May, 1972, when peasants were orchestrated into nominating Selich leader of the peasantry and "successor to General Barrientos" (President, 1964-1968), the minister found himself unceremoniously deported to Paraguay. But a man like Selich could hardly refrain from mounting further political intrigues against a regime he had come to consider dangerously leftist. He reentered the country clandestinely and in May, 1973, fell victim to the repressive apparatus he himself had built. The precise circumstances of his death in custody remain uncertain.

Thus Banzer's most dangerous ally on the right was neutralized. Attention soon turned to the most dangerous ally on the left, ex-President Victor Paz Estenssoro, who was trying to restore the fortunes of his once irrepressible party, the MNR. Paz and his fol-

lowers had been out of office for seven years, and in desperation they had offered their services to Banzer's conspiracy on very modest terms. With one-third of the spoils of office, they hoped that their superior political skills and capacity to mobilize popular support would enable them to outmaneuver the dominant military faction and claim the strategic initiative. But the army firmly denied them access to the peasantry, where their following had once been most solid, so that their mobilizing efforts were largely confined to the cities. From the Ministry of Labor, the MNR attempted to regain its old popularity with the labor movement, but it was not possible for the party to live down its complicity in Banzer's pro-business and anti-labor administration, especially after the devaluation of October, 1972, which entailed a reduction of 10 percent in the real earnings of the average wage earner. The MNR's successes were, therefore, concentrated in the rapidly expanding public administration, but here the President was well placed to use his ultimate control over patronage to outmaneuver the party leaders.

Paz Estenssoro had to acquiesce reluctantly in the expulsion of his most able deputy, Guillermo Bedregal, in October, 1972. This dented the confidence of many party militants in the long-term future of their traditional *Jefe*, and many began to transfer their loyalties to younger MNR leaders who seemed in better standing with the military authorities. With his "revolutionary" credentials discredited and his leadership under challenge from within, Paz Estenssoro could not afford to keep his party in government through the odium of two successive periods of economic austerity. He had been obliged to endorse the 1972 devaluation, but announced the MNR's withdrawal from the government in November, 1973, when he saw that the confidence of the right had been boosted by events in neighboring Chile and that another batch of unpopular price rises was imminent. For the MNR's ministers, however, and for those party members who had secured jobs in the administration by virtue of their party affiliations, withdrawal was not so easy. Thus, when Paz was exiled in January, 1974, the rump of his party clung to its privileges rather than its principles. The most dangerous allies on Banzer's left had also been very effectively neutralized.

By 1974, however, another danger was looming for Banzer. Constitutional Presidents transfer power after four years, and in Bolivia *ad hoc* rulers are generally expected either to step down or to legitimize their rule after a shorter time span. By 1974, it was thought that there might be elections soon, and at the least that there would be some redistribution of spoils, so that those with strategic support to deliver could advance their careers, their ideals, or both. Various military leaders felt that they were as well

qualified for the presidency as Banzer; even if they foreswore the supreme prize, their support had become sufficiently vital to command a good price. Bolivian elections, it must be admitted, traditionally ratify the outcome of a power struggle determined before the voting begins. But well-entrenched regional army commanders can exercise considerable influence over which candidates obtain access to the peasant voters of their zone in the pre-electoral period; thus, the mere hint of forthcoming elections produces a ferment of political agitation throughout the military. In addition, if there were to be elections, the Falangista party was determined to back its own party leader and foreign minister, Mario Gutierrez. Distrusted by the peasantry as the party of the ex-landlords, it would be unlikely to win, but could make a good showing in the cities and in the Oriente—probably enough to assure continued participation in office after its defeat.

But if the Falangista party was allowed its candidate, then the MNR would demand its right to campaign independently also. As the candidate of the established regime, with control over the peasant sindicatos, Banzer could almost certainly secure his reelection despite the opposition of the two parties, but the campaign would be risky and costly. Worse still was the tradition that an incumbent President running for a second term in office must step down for the six months of the campaign—which would mean temporarily ceding crucial positions to some potential rival. Throughout most of 1974, Banzer dithered in the face of this obstacle. He was almost ousted in June, 1974, when young officers allied with a segment of the MNR nearly precipitated the armed forces into a “return to barracks” that they hoped would preserve military solidarity and allow a relatively open election campaign. The conspirators virtually carried the day, but then accepted a compromise formula that gave Banzer time to stage a comeback. He greatly raised officers’ pay and lobbied all the garrisons. Finally he managed to convince enough officers that any attempt to constitutionalize the regime would risk all the country’s political and economic gains and expose the military to a process of internal decomposition like the ordeal it had experienced only a few years before. In November, 1974, the planned elections were abruptly cancelled; an all-military Cabinet was established; all political parties, trade unions, and most other interest associations were virtually suspended; and the military proceeded to rule alone. Thus, at the level of formal politics, Banzer outmaneuvered all challengers in the first four years and now claims an extension of his mandate to 1978. It is said that military rule will last until at least 1980.

Clearly, then, much energy has been devoted to shoring up the regime’s internal cohesion, but that is

not the only level at which Banzer’s record should be judged. On a number of fronts, the regime has implemented forceful and relatively coherent policies that may have long-term implications for Bolivia. These will be discussed under three headings: economic policy, the handling of the opposition, and international relations (i.e., the *salida al mar*).

ECONOMIC POLICY

Banzer’s apparent economic success, of which so much has been made by the regime, actually depended very heavily on the windfall gains provided by the world market in 1974. In that year, Bolivia’s exports rose to \$553 million, compared to \$270 million in 1973 and \$203 million in 1972. Petroleum products rose from one-tenth of all exports in 1971 to almost one-third three years later. Over the same period, tin, as a proportion of the total, fell from around 60 percent to around 30 percent, despite the fact that in 1974 the dollar value of tin exports was far higher than in any preceding year. The spectacular improvement in Bolivia’s balance of payments temporarily eased nearly all the other economic difficulties that traditionally weakened successive regimes and embittered Bolivian politics. The external debt became more manageable, thus increasing the government’s room for maneuver vis-à-vis its external patrons. Tax income doubled in a single year, and the sources of revenue became more diversified. To some extent, inflationary pressures could be damped down by increasing imports without threatening the stability of the exchange rate. The public sector (which currently embraces 90 percent of exports and 30 percent of GDP) was fortified, with the result that the government became considerably more powerful vis-à-vis private entrepreneurs. This preeminent public sector is the product of the nationalizing activities of Banzer’s predecessors. It may eventually be diminished as a result of more recent measures encouraging private enterprise and welcoming foreign investors, but state enterprise has long been popular with many members of the officer corps, whether for motives of national security and autonomy or because of the additional career opportunities it offers them.

Although the public sector seemed immensely successful in the *annus mirabilis* of 1974, this should not obscure the record of the first two years of Banzer’s government. In the first year of his economic management, business interests expressed considerable alarm at the great expansion of parasitic forms of public expenditure. This method of consolidating the new government’s political support had the disadvantage of overstraining an already unbalanced budget. The result was high inflation and a black market in the peso, followed by the violent 66 percent devaluation of October, 1972. Even in the year after that adjustment, the economy labored

under considerable strain, with a rising public debt, the persistence of inflation, and a troublesome problem of officially tolerated contraband. Private entrepreneurs were formally included in the governing coalition, but they felt far from comfortable with many of its policies. The Private Entrepreneurs Confederation (CEPB) objected publicly to various measures and sought to dissociate itself somewhat from Banzer, feeling that if it were too closely identified with him, its interests might suffer when he fell. Indeed, some leaders of the Confederation went further in 1974 and actively supported attempts to "democratize" Bolivia, in order to conciliate sectors of the opposition who might otherwise be driven into a revolutionary front. When the armed forces united around Banzer and against the "constitutional" option at the end of 1974, the Confederation lost much of its independent political leverage.

In order to secure the military unity necessary for his November, 1974, *autogolpe*, Banzer bid for support from the veteran General Juan Lechín (supposedly a nationalist technocrat) who was made responsible for coordinating the public sector. For a while, it was imagined that Lechín would emerge as the successor to Banzer, but this rival too was effectively downgraded once his political services were no longer indispensable. In 1975, as the external demand for oil and the world price of tin both eased, economic difficulties reappeared for the state enterprises. Private businessmen remain dependent on public favors, which are doled out on an individual basis that dilutes the private sector's collective political influence. Nevertheless, well-connected entrepreneurs are still being offered a bright future in Banzer's Bolivia.

PROBLEMS OF SCARCITY

Despite 1974, in the longer run the old problems of acute scarcity are likely to make themselves felt once again in Bolivian life. In 1975, it was difficult for the economy to hang on to the gains made the year before and to stave off pressure for another devaluation. The economic crisis afflicting all Bolivia's neighbors also serves as a reminder of what a fragile basis for political stability is provided by primary export bonanzas. The euphoria of 1974 was a lucky accident that renewed Banzer's hold on power, but the long-term coherence of his economic policies remains to be tested.

In any case, the benefits of recent prosperity have been spread very unequally. The unionized working class lost its influence on the government in 1971 and was forced to absorb a cut in living standards in 1972. Even in 1974, many workers experienced relative deprivation in their economic conditions, combined with absolute deprivation in respect to their political rights. Since November, 1974, trade

union leaders have been theoretically accountable to the ministry of labor, rather than to their rank and file. In practice, where unions are strong, the old union system continues much as before (though with intermittent police harassment), but in large areas of small scale industry, incipient independent unions have been replaced by government nominees. Marxist leaders claim that there has been a qualitative leap in the class consciousness of labor activists, as reformist illusions (such as those propagated by the MNR) are finally discredited. But it may well be that any such qualitative advance has been offset by a quantitative reduction, with militancy confined to the very few relatively secure redoubts of working class organization.

PATERNALISM UNDER STRAIN

There have been some signs of a different process at work in some sectors of the peasantry. Since the military coup of 1964, peasant support has been channeled to successive Presidents via the *Pacto Militar-Campesino*. To a large extent, the peasantry, anxious to retain the lands distributed in the agrarian reform of the 1950's and concerned about parochial issues, has passively accepted whatever power structure was locally established. Realizing this, the Bolivian military has sought to monopolize local control and thereby insulate the rural population from civilian politics of any coloration. However, there has been a process of economic differentiation at work in agriculture, and in some areas this has put military paternalism under strain. In the highly commercialized Cochabamba Valley, where urban influences reach considerable sectors of the peasantry, the terms of trade were shifted sharply against local food producers in January, 1974. Banzer authorized big increases in the prices of rice, sugar and other lowland products, while the price of Cochabamba products was left unchanged. The ensuing regionalist protest encompassed both urban and rural workers, but it was a new experience for the Cochabamba peasantry to bear the brunt of the repression. The details are disputed, but a Church-based report suggests that an unnecessary display of force was mounted and that over one hundred peasants were killed. Formally, the military-peasant pact survives, but its basis has perhaps shifted from goodwill to fear.

Traditionally, the catalyst of student militancy has

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"... it seems safe to say that Venezuela has a very good chance of becoming the major industrial nation of South America."

Venezuela's Bright Future

BY STEPHEN C. DODGE
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DURING THE 409 years since the settlement of Caracas by Spaniards, Venezuela has had only a few moments of real prestige and glory. In 1811, Venezuela became the first of the Spanish American colonies to declare her independence, and during the next two decades she contributed outstanding leaders who fought for the cause of liberation. Some 150 years later, in 1974, the Organization of Petroleum Exporting Countries (OPEC) voted to quadruple the price of crude oil exported from its member states, thus providing Venezuela with the means more fully to control her economic destiny. The intervening 150 years of Venezuelan national history had not been devoid of accomplishments or progress, but it is difficult to compare those commonplace developments with the two periods during which Venezuela has played an important role in world affairs.

By 1900, Venezuela had been independent for about three-fourths of a century. She exported coffee, cacao, and hides, but the vast majority of her population lived in poverty. Political instability was rife, and for the most part the men who ruled the nation sought personal power and wealth and ruined any chance of national growth. Venezuelan leaders borrowed heavily from Europe and the United States; but they enriched themselves rather than developing the nation. By 1902, the national debt had reached 490 million *bolívares*, a sum equal to ten times the annual income of the national government. Venezuela defaulted on the loans, and Great Britain and Italy blockaded Venezuelan ports in order to force payment of the debts. Venezuela could offer no effective resistance; her failure to become a viable modern state was obvious.

Then came the discovery of petroleum, which was first mined in Venezuela in 1912. By the 1920's, petroleum had become an important sector of the economy; by 1930, Venezuela was the second largest producer of petroleum in the world. Venezuela became the world's largest exporter of petroleum; she is still the third largest exporter in the world,

after Saudi Arabia and Iran. Petroleum brought solvency to the government by 1930—all debts were repaid in that year—but petroleum also brought problems.

PROBLEMS OF PETROLEUM

First, petroleum companies were very large and the government of Venezuela was very small. By 1930, over 70 foreign companies were involved in the mining of Venezuelan petroleum. The largest companies were Standard Oil of New Jersey (now Exxon), which operated through its subsidiary, Creole Petroleum, and Royal Dutch Shell, a British-owned company. These corporations had negotiated concessions with Juan Vicente Gómez, who governed Venezuela from 1908 to 1935. Early legislation that regulated petroleum mining was very favorable to the companies, and the Gómez family was enriched (about 200 million *bolívares*) through bribes and various kickback schemes. Between 1919 and 1936, the government of Venezuela recovered only seven percent of the value of petroleum mined in Venezuela. The companies fared much better, sometimes gaining profits of 1,000 percent per year on invested capital.

Second, the new wealth was not spread evenly—or equitably—throughout the population or the geographic area of Venezuela. Thus the new wealth produced an opulent state alongside an impoverished people. The migration of agricultural workers to petroleum-producing regions led to the decreased production of food and to increases in food imports. Critics charged that the nation had been made a slave to oil. Although this charge was perhaps exaggerated, the distribution of benefits from the exploitation of petroleum was highly skewed—the petroleum industry employed only 2 percent of the labor force of Venezuela but produced over 20 percent of the gross national product. The wealth of those involved in petroleum production stood in stark contrast to the poverty of the vast majority of Venezuelans.

This was made more evident by the beautification

of Caracas through the public works programs of Pérez Jiménez during the 1950's. The new buildings contrasted sharply with the improvised housing of slum dwellers, who had come to Caracas seeking the illusive panacea of a job with the petroleum companies. Gradually, during these years, many Venezuelans became convinced that the income from petroleum was needed to develop the nation economically and socially.

A third major problem that petroleum created for Venezuela was dependence. Venezuela was (and is) over-dependent on petroleum. Professor Edwin Lieuwen has written that when the political dictator, Gómez, died in 1935, he left a legacy of economic dictatorship to Venezuela that apparently would never die.¹ In 1935, petroleum accounted for 80 percent of Venezuela's exports and over 25 percent of government revenue. During the 1950's and 1960's, petroleum provided over 90 percent of Venezuela's foreign exchange and over 60 percent of all government revenue.

Venezuelans were uneasy about this dependence, because petroleum was in plentiful supply and the world's markets were capricious. The United States, Venezuela's best customer, placed new import quotas on Venezuelan petroleum beginning in 1959. The Venezuelans complained bitterly about the import quotas; their share of the United States market declined by 45 percent between 1962 and 1972. Venezuelans also worried about the possible development of a new source of fuel. They feared that their buoyant economy could burst like a bubble, and that they would again be a poor agrarian nation, exporting coffee and cacao. Those Venezuelans who took a long view also realized that Venezuela's resources of petroleum would eventually be exhausted (some predicted this would happen by 1960 or 1970) and that Venezuela needed to develop alternative sources of income.

Beginning in the 1940's, Venezuela responded to these problems. Though some solutions were stalled by the dictatorship of Marcos Pérez Jiménez (1950–1958) and other factors, the four democratic governments that have ruled Venezuela since 1958 have made significant progress.

GAINING CONTROL OF OIL

During the past three decades, Venezuela has tried to gain a fairer share of the wealth produced by petroleum, by means of increased taxation, direct participation by the government in the petroleum

industry, and, recently, by control of the petroleum market and by nationalization of the foreign petroleum companies.

In 1943, most major petroleum concessions were renegotiated for a period of 40 years. According to the terms of the new concessions, all the property and rights of the foreign companies were to revert to the Venezuelan government when the concessions expired in 1983. The government also sought a higher percentage of annual profits from petroleum, and implemented the principle of the 50/50 split in 1945. The Venezuelan share has increased several times during the past 30 years, and by 1975, it was 72 percent. In 1960, the government created the Corporación Venezolana de Petróleo (CVP) to compete with foreign companies, but its role is a limited one (in 1974, CVP produced only two percent of the total crude oil mined in Venezuela).

During the last two years, the government of Venezuela has been an enthusiastic beneficiary of the quadrupling of petroleum prices arranged by OPEC; and, in March, 1975, President Carlos Andrés Pérez introduced a bill to nationalize the foreign petroleum companies. The bill, which provides for nationalization of all foreign companies on January 1, 1976, was approved by the Venezuelan Congress on August 21. The government has agreed to pay about \$1 billion for the companies' holdings; the figure was based on the net book value, which is the amount of investment, less depreciation. The companies claim that the real value of their holdings is about \$5 billion dollars (this figure is closer to the replacement cost). In spite of this \$4-billion difference of opinion, most observers believed (in October, 1975) that a compromise would be achieved before the end of 1975 because the companies and the industrialized nations need Venezuelan oil, and the Venezuelans need the companies' capabilities in marketing as well as research.

The government of Venezuela does not plan radically to alter the structure of the various oil firms by forming a new giant petroleum company; instead, it will create a government holding company (called Petróleos Venezolanos, or PETROVEN) to control and regulate the industry. The foreign companies will continue to be involved in Venezuela through contracts of various kinds for production as well as research and, possibly, through joint ventures with PETROVEN. Although the oil companies do not relish the idea of expropriation, they are apparently willing to accept the inevitable, and they are anxious to remain involved in the production of petroleum in Venezuela after nationalization.²

Nationalization of the oil industry was supported by both major presidential candidates in the December, 1973, election; in any event, all holdings of the petroleum companies were scheduled to revert to the

¹ Edwin Lieuwen, *Petroleum in Venezuela* (New York: Russell and Russell, 1954), p. 71.

² For a more detailed explanation of the position of the petroleum companies, see statements of Robert Dolph, president, Creole Petroleum, in "How Venezuela Spends its Oil Riches," *Forbes* (July 15, 1974), pp. 45ff.

government of Venezuela in 1983 without compensation. With regard to higher oil prices, Venezuelans believe that the new prices more accurately reflect the value of petroleum energy. Felix P. Rossi-Guerrero, minister counselor for petroleum affairs of the embassy of Venezuela in the United States, explained that between 1957 and 1970 the price of Venezuelan oil declined 60 percent because of inflation. During the same period, the price of United States commodities imported by Venezuela increased by 25 percent:

We felt that we were subsidizing the economies of the industrial nations and, at the same time, being penalized by inflation brought about by lower productivity and deficit spending in the industrialized nations.³

Rossi-Guerrero explained that the difference in the price paid for Venezuelan oil and the price paid for the same amount of oil mined in the United States was \$10 billion during the 1960's, and claimed that Venezuela subsidized the United States economy by that amount during that decade. He contended that Venezuela turned to other petroleum-producing countries to form OPEC only after she was confronted by declining allotments as well as prices in the United States market,⁴ and that OPEC has succeeded in establishing a price for petroleum that more accurately reflects its real energy value.

In spite of Venezuela's hard-line position with regard to nationalization and oil prices, she has tried to cooperate with the United States during the past few years. Venezuela did not participate in the Arab oil embargo which followed the Yom Kippur War of October, 1973. In fact, a planned production cutback (for purposes of conservation) was postponed to avoid the appearance of cooperation with the Arabs.⁵ In spite of this, the United States Congress excluded

³ Felix P. Rossi-Guerrero, "Oil Prices: A Symptom not a Cause," *Venezuela Up-to-Date*, vol. 16, no. 3 (July, 1975), pp. 19-21.

⁴ In 1940, Venezuela was allotted 71.9 percent of total United States oil imports. During the early 1950's the allotment was reduced to 59.4 percent, and beginning in 1959 the United States purposely discouraged the importation of Venezuelan oil in order to increase importation from Canada and Mexico, sources that were thought to be more secure during wartime. Venezuela's share of the United States market declined by 45 percent between 1962 and 1972.

⁵ See "Pérez Pledges Venezuela's New Financial Strength Will Be Used to Aid Other Latins," *Latin American Index*, vol. 2, no. 3 (February 1-15, 1975), p. 9.

⁶ Carlos Andrés Pérez, letter to Giuseppe Medici, president of the World Food Conference, printed in "Venezuela Offers Aid to World Food Crisis," *Venezuela Up-to-Date*, vol. 15, no. 4 (December, 1974), pp. 16-17ff.

⁷ Carlos Andrés Pérez, letter to Gerald R. Ford, September 19, 1974, printed in "In Defense of Our Resources," *Venezuela Up-to-Date*, vol. 15, no. 3 (November, 1974), pp. 8-9ff.

⁸ See "Betancourt Attacks U.S. Policies on Petroleum," *The Times of the Americas*, vol. 19, no. 21 (October 15, 1975), p. 3.

all members of OPEC (including Venezuela and Ecuador) from the tariff benefits of the Foreign Trade Act of 1974. This, of course, angered Venezuelans, who had disassociated themselves from their Arab friends in order to oppose the use of oil as a political weapon. President Gerald Ford asked Congress to reconsider and provide Venezuela and Ecuador with the full benefits of the treaty but Congress did not act on this request by October, 1975.

PRODUCTION CUTBACKS

Since the end of the Arab oil embargo, the Venezuelans have cut back production (from 3.3 million barrels per day to about 2.6 million barrels per day) to save reserves as well as to support the OPEC price. The United States has opposed production cutbacks, arguing that they are unnatural ways of controlling prices. Venezuelans (and Arab members of OPEC) have countered that the United States has limited the production of another scarce commodity—food—in order to maintain prices.⁶ There has been no effective United States response to this charge.

United States Secretary of State Henry A. Kissinger's plan to break the OPEC cartel by forcing members to bicker on production cutbacks is not likely to work in the Venezuelan case, because of Venezuelan interest in conserving limited reserves. The more boisterous condemnations of OPEC by President Ford and others in the United States have provoked strong statements from Venezuelans. President Carlos Andrés Pérez responded to President Ford's United Nations address of September 17, 1974, by explaining:

The establishment of the Organization of Petroleum Exporting Countries (OPEC) was a direct consequence of the developed countries' use of a policy of outrageously low prices for our raw materials as a weapon of economic oppression.⁷

The Venezuelan view has been further explained in a book written by Rómulo Betancourt, former President of Venezuela and leader of the ruling Acción Democrática party. In *Venezuela: Owner of Its Petroleum* (to be published shortly), Betancourt reportedly repudiates bellicose statements by leaders of the United States and dismisses the possibility of an invasion by the United States of Venezuelan petroleum fields. He argues that bellicose statements are inconsistent with the "new dialogue" between the United States and Latin America that Secretary of State Henry Kissinger has proposed, and that the United States cannot expect Venezuela to "continue practically to give away its nonrenewable subsoil resources."⁸ These differences of opinion between leaders of the United States and Venezuela are unlikely to cause major difficulties between the two nations because the United States needs Venezuelan petroleum and the Venezuelans correctly view the

United States as their most convenient market and source of technology and manufactured goods.

The future of Venezuelan petroleum is bright, but limited. Venezuela will fully control her own industry and will have the capability, for the first time, of retaining 100 percent of the profits in 1976, but the marketable reserves in Venezuela will last only through 1990 or 2000. This is why Venezuela must diversify her economy.

INDUSTRIALIZATION AND THE GUAYANA

A second major effort of the government of Venezuela has been to find a replacement for oil so that Venezuela does not return to the status of a poor agrarian state when the oil is gone. Industrialization and agricultural development have been part of this effort, and both have been more difficult to achieve than the Venezuelans had thought. Thirty years ago, when the government implemented the 50/50 split, they devised the slogan, "sow the petroleum," to explain the policy of investing the profits from petroleum in other sectors of the economy. Although significant gains were achieved, until recently Venezuela appeared to be losing her race to industrialization and agricultural independence. The windfall profits achieved by quadrupling the price of petroleum in 1974 may lead to success in both aspects of the diversification program.

Industrial production in Venezuela has increased steadily, but gradually, during the past quarter century. It has grown at a rate of more than 10 percent per year, but accounted for only 19 percent of the gross national product (GNP) in 1969 (up from 14 percent in 1958). Industrial growth has been encouraged by the government and by the capital available from petroleum receipts, but it has been inhibited by the high cost of Venezuelan labor, the lack of technically skilled labor, and the small size of the Venezuelan market. These factors have limited the growth of many Venezuelan manufacturing enterprises and have prevented them from participating in the export sector. Venezuela's best hope for an industrial base to replace oil as a provider of foreign exchange lies in the eastern half of the nation—a region known as the Guayana—where unique natural resources provide Venezuela with special competitive advantages in the field of heavy metallurgical enterprises.

GUAYANA

The Guayana region occupies 45 percent of the national domain, but, until recently, it claimed only two percent of the population. Its forests and highlands, although they were explored by Spanish monks in the seventeenth century, were not an effective part of Venezuela when she declared her independence in 1811. The discovery of gold there in the mid-nine-

teenth century brought some development and some new towns, but by 1900 many of these had been reclaimed by the jungle. Iron ore was mined in the eighteenth and nineteenth centuries, but it was not developed in a major way until the mid-twentieth century, when large deposits were discovered and exploited by the Bethlehem Steel Corporation and the United States Steel Corporation. These companies built railroads to move the ore to the Orinoco River and loading facilities on the river bank; in the river they dredged a channel (almost 200 miles long) that accommodates ocean-going ore carriers. By the 1960's, 15 million to 20 million tons of iron ore were being exported from Venezuela each year, and the installations of the steel companies were the nuclei for further development in the Guayana region.

In addition to proved iron reserves of over 1.5 billion tons (sufficient for 75 years of production at current levels), the Guayana region includes the Caroni River, which has one of the highest hydroelectric potentials of any river in the world. The iron ore and electric energy of the Guayana region could be combined to produce steel; thus, the government of Venezuela decided that steel and steel-based heavy industries oriented toward the export sector should be built in the Guayana to replace the shrinking role of petroleum in the production of foreign exchange.

ACCOMPLISHMENTS

Much has been accomplished in the Guayana. A small dam and a steel mill were built in the 1950's. In 1960, the government created the Corporación Venezolana de Guayana (CVG), an autonomous government-owned entity responsible for planning and implementing plans for the development of the region. An aluminum plant, which is a joint venture of the CVG and Reynolds International, opened in 1967. The first stage of the Guri Dam was built during the late 1960's. Guri is now supplying power to Caracas as well as to Ciudad Guayana, and will be capable of producing six million kilowatts of power when its third stage is completed in about 2000 A.D. (The Aswan Dam in Egypt produces less than two million kilowatts.) The population of the new industrial center, Ciudad Guayana, increased from 4,000 in 1950 to 35,000 in 1960, to 150,000 in 1971, and to about 200,000 in 1975. The urban planners who designed the city predicted that it would grow to a population of over 300,000 by 1980 and their economic projections indicated that by 1980 or 1985 it

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"While Cuba obviously wants a rapprochement with the United States, it is not a sine qua non of her foreign policy or, more important, her foreign trade."

Cuba's Foreign Policy

BY GEORGE VOLSKY

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CUBA'S FOREIGN policy, declared Premier Fidel Castro in September, 1975, is based on a "set of principles." Castro was discussing Cuban diplomatic moves toward rapprochement with the United States. Stressing his government's "total" support for the independence of Puerto Rico, he added: "Let it be known that there can never be an improvement in our relationship [with the United States] if such improvement presupposes the renunciation of our principles."¹

It has not been easy to determine the principles that have governed Cuba's foreign policy since 1959, the year the revolutionary Castro regime assumed power. To Havana, these principles, based on "socialist international solidarity," have been "consistent, frank, firm and honest." To others, they have been no more than a series of opportunistic postures, not unlike the foreign policy zigzagging of the Soviet Union. There is little doubt, however, that Cuba's foreign policy has been flexible, subject to drastic changes wrought by external pressures, and that it has been conceived through an inscrutable decision-making process and executed by a handful of leaders.

Some of the policy principles are outright quixotic and seemingly in conflict with the best interests of the Revolution, presuming that the Havana government is interested in enhancing its prestige and fostering its image of maturity. The discernible common denominator of the policy appears to be the perception of Premier Castro and his close collaborators of the role Cuba is to play in world politics, within the family of Socialist nations, and vis-à-vis the United States and the rest of the non-Communist countries. This perception has varied, sometimes radically, during the 16 years of the Cuban Revolution.

The main premises of Cuban foreign policy in 1975 included a political and ideological alliance with the Soviet Union and the Soviet bloc; the end of isolation

in Latin America and stronger political, economic and cultural ties with Latin and Caribbean countries; closer identification with the countries of the so-called third world and efforts aimed at radicalizing and bringing nonaligned nations under the Soviet sphere of influence; selective active support for movements of national liberation; efforts at unifying (or keeping in line) Latin America's Communist parties, recognizing Moscow's leadership; readiness to maintain and broaden diplomatic and economic relations with capitalist states; and willingness to re-establish ties with the United States.

Cuba's allegiance to the Soviet Union, which oscillated in the early 1960's, has been a paramount factor in the island's political and economic life since 1968, the year of the Soviet invasion of Czechoslovakia. Prior to 1968, Cuban leaders occasionally advanced original ideas, publicly disagreed with Soviet policies, and insisted on carrying out a sui generis Socialist revolution; after that date, in the area of foreign policy (and on major national issues), they have not articulated views that differed from those in vogue in Moscow.

"Eternal friendship, cooperation and political and ideological unity" exists between Cuba and the Soviet Union, said *Granma*. "We [Cuba and the Soviet Union] have helped to speed up the pace of history in Latin America. We have given a new boost to the cohesion of the Socialist camp. . . ."²

THE HAVANA CONFERENCE, 1975

Since Cuba also regards the Soviet Communist party as the "main bastion of the world revolutionary movement," the June, 1975, Havana meeting of the 24 Communist parties of Latin America and the Caribbean was significant because it stressed Soviet bloc interrelations as well as the Cuban policy toward the Western Hemisphere. Cuba, which organized and hosted the June meeting, represented there the global interests of the Soviet Union. The final declaration of the gathering contained the strongest lan-

¹ *Granma* (Havana), September 20, 1975.

² *Granma* (Havana), February 2, 1975.

guage ever used by Latin American Communists against China, which previously had not been regarded as an enemy by most of them.

This conference [the declaration said] energetically condemns the foreign policy of the leadership of the Communist party of China which flirts with Yankee imperialism, defends its presence in Asia and in Europe, justifies NATO, attacks and slanders the U.S.S.R. with the same viciousness of the worst spokesmen of international reaction, fosters the aggressive militarism of the world bourgeoisie against it, promotes the insane policy of cold war against the heroic Soviet people, and in Latin America has its most ominous expression in the shameless connivance with the Chilean Military Junta to which it gives political support over the blood of thousands of Communists, socialists and other patriots murdered by the brutal repression of the fascist tyranny. The Chinese leadership also fosters everywhere groups of pseudo revolutionaries who, from a false radicalism, divide the left, attack the Communist parties, obstruct progressive processes and frequently act as enemy agents within the revolutionary movements. To control this policy of treason against unity, solidarity and the best traditions of the world revolutionary movement is a duty for all the Communist parties of Latin America.³

Represented at the June 9-13 meeting were the Communist parties of Argentina, Bolivia, Brazil, Chile, Colombia, Costa Rica, Cuba, the Dominican Republic, Ecuador, El Salvador, Guadalupe, Guatemala, Guyana, Haiti, Honduras, Martinique, Mexico, Nicaragua, Panama, Paraguay, Puerto Rico, Uruguay and Venezuela.

The other 23 Latin American Communist parties also agreed to support Premier Castro's policy toward the oil-producing countries; they criticized investments of petrodollars in the capitalist world and advocated making most of these surplus funds available as long-term credits for the underdeveloped and poor nations.

As for the Hemisphere, the declaration reflected current Cuban and Soviet views on the proper course of action for Latin American Communists. It said that "true progress" would not be achieved "without the political overthrow" of the ruling classes. Stating that "United States imperialism is the main common enemy," the declaration called for political alliances with non-Communist governments and social groups that are not pro-American. The emphasis was on political, not revolutionary, action. Even phrases critical of the United States were mild in comparison with those dedicated to Chairman Mao Tse-tung's China.

As for her policy in Latin America, Cuba has given

³ *Granma International* (Havana), June 23, 1975.

⁴ In the case of Burnham, one of Castro's foreign policy "principles" was thrown overboard. Only a few years earlier, when Guyanese leftist opposition leader Cheddi Jagan was supported by Havana, Prime Minister Burnham had been frequently attacked by the Cuban state-controlled news media and was called a "tool of Yankee imperialism."

the impression of wanting very much to be a full-fledged member of the club. "We are a member of the Latin American family," Premier Castro told Mexican newsmen who traveled to Havana with Mexican President Luis Echeverría Alvarez in August, 1975. Forgotten was the militant revolutionary principle of the second Declaration of Havana that "the duty of every [Latin American] Revolutionary is to make Revolution," which for over 10 years was the clarion call to guerrilla warfare in the cities and the countryside of Latin America.

Cuba already had diplomatic relations with Mexico, Peru and Argentina (relations with Chile were broken after the overthrow of President Salvadore Allende). In the last year or so, she has reestablished diplomatic ties with Colombia, Venezuela and Panama, among other Latin and Caribbean countries. In 1975, Prime Ministers Michael Manley of Jamaica, Eric Williams of Trinidad-Tobago, Forbes Burnham of Guyana and Mexican President Echeverría visited Cuba.⁴

In 1976, General Omar Torrijos, Panama's military strongman, and Canadian Prime Minister Pierre Trudeau are scheduled to make official visits.

Because of the high price of sugar, Cuba's main export, in 1974 and 1975 the Havana government was able to make moderate purchases of Latin American goods, pursuing its policy of expanding trade with the Hemisphere. But the unpredictability of the future prices of sugar is limiting Cuba's ventures into the Latin market. In July, 1975, when the Organization of American States (OAS) formally ended its ban on political and trade relations with Cuba, the decade-long diplomatic isolation of the Havana government came to an end. The United States joined 15 other nations in abolishing mandatory economic and political sanctions that were imposed against Cuba in 1964. Only Chile, Uruguay and Paraguay opposed the lifting of the ban; Brazil and Nicaragua abstained. Voting with the majority, United States Ambassador to the OAS William S. Maillard said that "Cuban subversion in the area is now at a low ebb. . . . Times have changed." The vote did not substantially modify Cuban views of the regional organization. Premier Castro has called the OAS a useless, "putrefying body," and has advocated the creation of a new forum that would include all Latin and Caribbean nations but would exclude the United States.

NONALIGNED NATIONS

Cuba's interest in nonaligned nations continued strong in 1975. In March, Premier Castro hosted a meeting of the Coordinating Bureau of Non-Aligned Countries. In essence, he asked delegates to the conference to urge their governments to align themselves with the Communist bloc and support national

liberation movements. A number of leaders from African and non-Communist Asian countries were invited to Havana, apparently for political talks; in view of the fact that Cuba's trade with these states is negligible. Premier Castro, whose efforts to become a Latin American leader were less than successful, is testing his statesmanship in the nonaligned world.

At the United Nations, Cuba has consistently voted with the Soviet Union and the third world countries. In November, she joined all other members of the Communist bloc (except Romania) to support a resolution that equated Zionism with "racism." The vote underlined the stringent anti-Israeli line adopted by Premier Castro at the September, 1973, conference of nonaligned countries in Algiers. Castro later explained his action as being a matter of "revolutionary ideology." But when in Algiers, he announced unexpectedly that Cuba was breaking diplomatic relations with Israel he surprised even his own foreign ministry in Havana. The Castro government's anti-Israeli policy was inconsistent with Cuba's foreign policy in other areas. Ties with Israel had represented the last vestige of independence from the Soviet foreign policy line, since Havana had not broken with Israel after the October, 1967, war. Moreover, Cuban-Israeli relations had been beneficial to Cuba; many Israeli experts had been engaged in important agricultural projects there. Whether the growing anti-Israeli stance of the Cuban government was a result of Castro's latent anti-Semitism or of Soviet and Arab pressure could not yet be determined.

CUBA AND ANGOLA

On the other hand, strong Soviet influence supported an unusual Cuban interference in the domestic affairs of Angola, an African region that became independent in November, 1975, after centuries of Portuguese rule. While the Portuguese flag was being lowered in the old capital of Luanda, there were newspaper reports, confirmed by United States officials (and not immediately denied by Havana) that Cuba had sent 3,000 well-equipped combat troops and military advisers to fight in the civil war in Angola. The Cuban military contingent was reportedly supporting the pro-Moscow Popular Movement for the Liberation of Angola, which has been in control of Luanda.

Cuba's involvement in the Angolan civil war gained Castro few (if any) accolades in Africa or elsewhere. Even his friends wondered why a small Caribbean island country, which has already admitted economic problems, created partially by an abnormally high military budget, launched a costly military

expedition to the heart of dark Africa. The only rational explanation for the Cuban adventure, which could also be costly in Cuban lives—and might even become a Cuban Vietnam—is that Castro (who sent only a handful of officers to help his friend Ernesto [Ché] Guevara fight in Bolivia) was "persuaded" to dispatch troops to Angola by the Kremlin. Establishing a solid Communist foothold in Africa—one that would flank South Africa—is very important for Moscow. But blond and blue-eyed Soviet soldiers would be very conspicuous in Africa, aside from their communication problems. Cuban troops might be less visible in Angola, and Spanish-speaking advisers can be understood by Portuguese-speaking Angolans. United States concern about the reported Soviet and Cuban intervention in Angolan affairs was so strong that United States Secretary of State Henry A. Kissinger is said to have told Soviet officials repeatedly in the last months of 1975 that "the United States was disturbed" about the involvement in Angola.⁵

On Puerto Rico, Cuba was as uncompromising as ever. In September, Havana was the site of an international conference of solidarity for the independence of Puerto Rico. "We assure the men and women of Puerto Rico of our firm solidarity," said Cuba's President Osvaldo Dorticos Torrado, addressing the conference. "Cuba reaffirms her feeling of solidarity and ratifies in full her pledge of unlimited support to the Puerto Rican cause. . . . Puerto Rico is not an internal affair of the United States."⁶

Thus, at the close of 1975, the Cuban government appeared to be working at cross purposes as far as its relations with the United States were concerned. Havana expressed its willingness to come to terms with Washington and to normalize the diplomatic relations suspended in 1961. At the same time, Cuba's Angolan involvement, her anti-Israeli vote and her uncompromising stance on Puerto Rico weakened the hand of those in the United States who advocated a change in Washington's hostility toward the Castro government.

Richard Nixon's departure from the White House changed the complexion of Cuban-American relations. Nixon and Castro, who met in 1959, never liked one another. For Castro, President Gerald Ford was an unknown quantity. In a television interview in October, 1974, Castro said that

from the Cuban point of view we see Ford with certain hope in the sense that he may after all adopt a different policy toward Cuba, and that at least he does not have the personal involvement that Nixon had in that regard.

Castro posed only one condition for the initiation of Cuban-American conversations: that the United States lift its economic embargo of Cuba. He indicated that the "occupation" by the United States of the Guantanamo naval base was of secondary importance.

⁵ *The New York Times*, November 21, 1975.

⁶ *Granma* (Havana), September 17, 1975.

In February, 1975, the United States responded, beginning a policy of indirect signals and contacts between Havana and Washington. In what was regarded as a clear gesture toward the normalization of relations with Cuba, the Ford administration relaxed its strict travel ban that had prevented members of the Cuban mission to the United Nations from traveling more than 25 miles from New York; they were now permitted to move in a 250-mile radius. The new rules allowed Cuban diplomats to travel to Washington, D.C.

In March, Kissinger stated that the United States was ready to modify its Cuban policy.

We see no virtue in perpetual antagonism between the United States and Cuba [he said]. We have taken some symbolic steps to indicate that we are prepared to move in a new direction if Cuba will.

Kissinger warned Castro, however, that fundamental changes cannot come unless Cuba demonstrates a readiness to assume the mutuality of obligation and regard upon which a new relationship must be founded.

In May, talking to American reporters who accompanied Senator George McGovern (D., S. Dak.) on a Cuban tour, Castro said that Cuban-American talks could start if the United States removed restrictions on medicines and foodstuffs sent to Cuba. The White House replied that President Ford was pleased by Premier Castro's conciliatory statement. A week later, the United States voted to ask the majority of the OAS members to end the organization's 1964 trade ban against Cuba. In June, Cuba returned three United States citizens who had allegedly hijacked American airliners, the first such move since the signing of an anti-hijacking agreement in 1973. In August, the United States relaxed its own 13-year economic embargo on exports to Cuba by permitting foreign subsidiaries of American companies to do business with the Castro government. But the ban on direct trade between Cuba and the United States remained in force.

In August, also, Cuba returned nearly \$2 million in ransom money that Southern Airways had paid in 1972 to three hijackers who flew to Havana. This action was described by President Ford as a "welcome development." Taken together, all these bilateral moves and statements (which were also welcomed in the United States Congress, where a growing number of legislators favored a change in policy toward Cuba) made some observers predict that direct United States-Cuban talks would begin before the end of 1975.

But in the fall, the momentum toward rapproche-

ment between the two countries slowed perceptibly. Stating that the United States is "willing to enter into a dialogue with Cuba," Assistant Secretary of State for Inter-American Affairs William D. Rogers nonetheless warned that such dialogue "must be on a basis of reciprocity" and that the "resolution of problems between us will not be easy and will not be furthered by calculated offense to the other party." Rogers was referring to Cuba's official support for Puerto Rican independence, which the United States regarded as a "totally unwarranted interference" in the country's internal affairs. At the same time, the United States extended for another six months a ban on travel by Americans to Cuba, which is now due to expire March 19, 1976.

Reports of Cuban involvement in Angola also decreased the chance of an early beginning of direct talks between Havana and Washington. In November, Secretary Kissinger called the reported dispatch of Cuban troops a "serious" development.

We were making progress earlier this year in improving relations with Cuba [he said]. But in recent weeks Cuba has taken some actions, such as its pressure for the independence of Puerto Rico . . . and by its interference in conflicts thousands of miles away, such as Angola; that have given us some pause. . . . The United States is in principle prepared to improve relations on the basis of reciprocity, but Cuba must take a responsible international attitude.⁷

Late in November, Representative Jonathan Bingham (D., N.Y.), the congressman who led the fight to end the United States trade embargo against Cuba by legislative action, and who introduced a bill to that effect, withdrew his support from this initiative. He explained his change of heart by citing "disruptive" international activities of the Cuban government. Bingham's efforts had been more intensive than those of Senator Edward Kennedy who had introduced similar legislation in the Senate.

In recent weeks the Cuban government has engaged in a pattern of disruptive and interventionist activities in various parts of the world [the Congressman wrote]. These acts include a leading role in promoting the resolution of the United Nations labeling Zionism a form of racism, military training and support for Syria in the Middle East and direct military intervention in the civil strife in Angola.⁸

While the trade boycott can be lifted by presidential executive action (which now seems unlikely before

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⁷ *The Miami Herald*, November 13, 1975.

⁸ *Ibid.*, November 22, 1975.

"...the real reason that the military remains on the sidelines [may be] that it is watching the Perón regime continue to spread the seeds of its own destruction, which will hopefully put to rest the myth of Perón."

Political Immobility in Argentina

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ON OCTOBER 17, 1975, the thirtieth anniversary of Juan Perón's rise to power in Argentina, his widow, Isabel Martínez de Perón, returned to power as head of state after a month's leave of absence. She returned to a country whose natural and human resources are as great as (if not greater than) any other country in Latin America, but whose economic and political problems remain insurmountable. As of December 1, 1975, over 600 persons have lost their lives in the terrorist conflict that continues unabated. Inflation, running at over 200 percent, has depressed even the most optimistic economists. Even the 150 percent wage increase for labor unions in June was ineffective.

In an atmosphere of increasing national frustration, it is doubtful that the virtues of *institucionalidad* (the preservation of institutions) will prevail. The pattern of political immobility in Argentina is characterized by a state of government inability to guarantee the socioeconomic well-being of the Argentine people.¹ Under these conditions, the Argentine military, with its nationalistic concern for the socioeconomic development of the nation, might well be motivated toward intervention. But the military appears reluctant to trespass into a politically immobile environment for fear that the situation will then worsen.

THE POLITICAL IMMOBILITY SYNDROME

Since she became the President of Argentina on the death of her husband, on July 1, 1974, Isabel Perón has found it increasingly difficult to provide political coherence to her government. Many prominent peronists thought that she should step down and let one of them become President. But Mrs. Perón and her advisers believed that if one peronist faction were favored over the other the peronist movement would disintegrate. It was argued that Isabel Perón, identified only with the late President, would be able to obtain the loyalty of the Argentine armed forces.

¹ Robert F. Adie and Guy E. Poitras, *Latin America: The Politics of Immobility* (Englewood Cliffs, N.J.: Prentice-Hall, 1974), pp. 26-27.

Still, when she assumed the presidency, Perón failed to practice political neutrality; thus she exacerbated the split between the right- and left-wing sectors in the peronist movement. By continuing General Perón's policy of favoring the right-wing group, Perón alienated a major sector of the peronist movement.

The body of Juan Perón was still lying in state when peronist factions began to jockey for power. The principal protagonists in the struggle were Social Welfare Minister José López Rega and Economic Minister José Gelbard. Within two months, with Perón's first Cabinet reshuffle, the scale had tipped in favor of José Gelbard. But a month later, Gelbard was out and Alfredo Gómez Morales became the new minister of economy.

It should be emphasized that López Rega, a former police corporal who rose to be police commissioner during Juan Perón's term, was the presidential secretary and the confidant of both Juan and Isabel Perón for years. His power base rested on his "behind the scenes" influence over Isabel Perón after her husband's death. In June, 1975, Gómez Morales resigned, and López Rega, firmly entrenched in the administration, emerged as the most powerful figure in the government. All presidential appointments, access to the President, and practically all presidential policy were supervised by him. The new minister of economy, Celestino Rodrigo, was a "López Rega man." Only a few days prior to Gómez Morales's resignation, the army chief, Leandro Anaya, was replaced by General Alberto Numa Laplane, also a close associate of José López Rega.

As social welfare minister, López Rega controlled the treasury, which consisted of pension contributions and gambling proceeds from Mar del Plata. He soon incurred the dislike of Argentines, including labor and military groups, who feared his excessive power and wondered aloud about his use of big gambling revenues.

In July, 1975, the powerful labor sector finally demanded López Rega's resignation, along with that of

Economic Minister Celestino Rodrigo, whose ambitious economic plan had backfired. When Rodrigo took over as minister of economy in June, his first measure was to halve the value of the *peso* (30 pesos to the U.S.\$1). He also announced that interest rates would be increased by about 50 percent in order to reduce the speculative use of banking credit. Gas prices, both regular and high test, were tripled; gas and electric rates were increased by 40 to 60 percent; and the minimum wage was increased to 3,300 pesos. This was followed by a government announcement that all collective bargaining wage contracts already signed by the minister of labor were canceled and a 50-percent, across-the-board wage increase (supplemented by 15 percent increases in October, 1975, and January, 1976) was granted.

Many unions had won wage price hikes of 100 to 160 percent during negotiations; but with Rodrigo's economic shock measures, prices rose faster than wages. Labor leaders had to decide whether to accept the across-the-board increase or to confront the government, which was in the hands of José López Rega, who was not known for his tolerance of opposition.

The 62 Organizations and CGT (General Confederation of Labor) unions called for a 48-hour general strike. They demanded not only official approval of the collective wage agreements, but also the removal of López Rega and Rodrigo. After 36 hours of complete paralysis, Perón capitulated to the unions. She accepted the resignations of Rodrigo and López Rega and sent the latter on a "special mission" to Spain. Many so-called "López Rega men" in the social welfare ministry were subsequently removed.²

In August, 1975, with the third Cabinet reshuffle in a month, the Perón government faced its worst crisis. The crisis began when Perón named Colonel Vicente Damasco, a relatively junior officer, to the key post of minister of the interior. Damasco's appointment received the blessing of the army's chief, General Numa Laplane, but caused an uproar in the armed forces. Military commanders protested the appointment of a colonel still on active duty to a political post, who would be giving orders to officers who outranked him. Several division commanders threatened to march on

² *La Nación*, July 7, 1975. See also *La Nación*, July 14, 1975, and July 21, 1975.

³ *The New York Times*, November 1, 1975.

⁴ October 17, 1945, was the day that Eva María Duarte gathered her army of *descamisados* to force the Argentine military to free Colonel Juan Perón from prison. For an interesting account of that day, read Eva Perón, *La Razón de mi Vida* (Ediciones Peuser, 1951), pp. 41-47. This story has been translated into English in J. R. Barager, *Why Perón Came to Power* (New York: Alfred A. Knopf, 1968), pp. 203-205. For another view of the events leading up to Perón's exile and return to power, see María Flores, "Another View of the Events of October," in Barager, *ibid.*, pp. 206-217.

the capital if General Laplane did not resign as army chief. Meanwhile, the CGT had declared a "state of alert" for its three million members to prevent a military coup.

The peronist labor leaders had hoped that Damasco's appointment would provide an alliance between labor and the armed forces, but the majority in the military wanted no part in the Perón government. The leading generals in the four branches of the armed forces demanded the resignations of both Colonel Damasco and General Laplane. Finally, under pressure from his fellow officers, Damasco resigned his army commission on August 26, but remained as minister of interior. Perón was forced to accept the resignation of General Laplane as army chief and replaced him with the army's choice, General Jorge R. Videla.

With the removal of José López Rega, Perón's inability to cope with the country's mounting economic and political problems became clear. She became more isolated and withdrew from all but the most important government functions. Finally, in September, following weeks of speculation that she would resign, President Perón announced that she would take a month's leave of absence and would turn over her duties to Senate president Italo Luder.

Italo Luder's brief tenure as President was marred by labor strikes from cattle workers to doctors and by widespread terrorism. Three simultaneous raids were carried out in early October by the Montoneros in Formosa, in an effort to free their comrades from the federal prison in that city. After this raid, which left 30 people dead, the government conceded to the military's demand that the military handle all anti-guerrilla activities. Luder began a series of talks with political opposition leaders, including Ricardo Balbín of the Radical party. Balbín suggested that presidential elections be scheduled for the end of 1976 rather than May, 1977, in order to "give the public confidence in the international future of Argentina."³

IMMOBILITY INSTITUTIONALIZED

On October 16, Perón returned to Buenos Aires after a five-week leave of absence. Many fellow peronists had hoped that she would not return. Some had speculated aloud that she would prolong her absence; others leaked reports that she had lost political power and would resign.

On October 17, President Perón made her official appearance to a crowd of about 40,000. The date was well chosen; it marked the thirtieth anniversary of Juan Perón's rise to power.⁴ But many peronists were surprised at the lack of fervor in Perón's speech, which was more conciliatory than political. She stated that she would continue as President and called for solidarity with the armed forces in their battle against subversion.

The political situation has continued to deteriorate, and the Perón government is apparently unable to find its way out of the political labyrinth of conflicting demands and pressures. An economic plan to initiate a system of price controls and to regulate wage increases was abandoned before it was instituted, because of mounting pressure from labor union leaders for wage increases of 40 percent. Inflation, at about 100 percent when Mrs. Perón assumed office, was over 200 percent by November, 1975, and was being fed by the government's policy of printing huge amounts of money without the backing of treasury funds.

A new crisis arose in November, 1975, when the major political opposition party, the Radical Civic Union (UCR), asked Congress to establish a committee of inquiry to investigate charges of corruption in the Perón administration. The main issue was the drawing of a check for \$750,000 by Isabel Perón from a public-supported charity, the Justicialist Solidarity Crusade, for deposit to the estate of the late Juan Perón. After a leading newspaper printed a photocopy of the check, the President stopped payment. The Radicals, however, wanted to know if other similar checks had been cashed.

In the meantime, the Chamber of Deputies had set up a commission to investigate charges of corruption and embezzlement against the ministry of social welfare while José López Rega headed the ministry.

The peronists in Congress were divided over the investigation. One faction, loyal to Perón, tried to block the formation of a seven-member committee of inquiry; other peronists favored the investigation. President Perón, meanwhile, tried to retain the slippery reins of power by offering to hold new presidential elections before the end of 1976, rather than in 1977.⁵ This election suggestion, made by Ricardo Balbín earlier in the year, has the sanction of the Radical party, but not as an alternative to the investigation of corruption in the Perón administration.

SCHISM IN THE PERONIST MOVEMENT

When Juan Perón was alive, the concept of vertical leadership within the movement served as the golden rule to which all peronists swore allegiance. Simply put, Perón was the unquestioned leader of the move-

ment, and, as President, he was the source of all real and formal power in the nation. In essence, the principle of verticality bestowed a mystical aura of functional autonomy to Juan Perón's leadership, which he was unable to bequeath to his widow and constitutional successor, Isabel Perón. Since the death of Juan Perón, there have been strong demands for a change in the doctrinal leadership arrangement.

Victorio Calabró, the staunch peronist governor of Buenos Aires province, put it this way:

To pretend that with the death of our chief nothing has changed in Argentina . . . is to close our eyes to a reality that pursues us relentlessly everywhere.⁶

For Mrs. Perón, however, the rules of the peronist organization have not changed one iota since the death of her husband. At the Justicialist party congress in August, 1975, the chief executive declared that the rule of "verticality" is a sine qua non for discipline within the peronist movement, that is to say, discipline in the sense of obedience to her leadership.⁷

The peronist concept of monolithic party unity under the aegis of one leader, now Isabel Perón, has been seriously discredited because of the "lopezreguista" stigma. This general feeling of disappointment with the rule of verticality was expressed vehemently in a speech delivered by Governor Calabró to his *compañeros peronistas* in November, 1975: "I sincerely believe that after the irreparable loss of our leader, General Perón, our government would carry on the teachings of [our] leader . . ." Calabró expressed dismay, however, that the government put a man "with absolute power" to head the government who, instead of "teaching, explaining and supporting the President . . . [began] to take power, to kill and to curtail the rights of peronists." In this strongly worded statement, Calabró was, of course, referring to López Rega, who tried to make "peronism and the whole country vertical to him . . ."⁸

The struggle in the Justicialist party over Perón's leadership principle is only one of several issues that has immobilized the peronist movement. Another and perhaps more serious power struggle is the struggle between peronist terrorist factions: one pro-Marxist—the other anti-Communist.

A peronist pro-Marxist terrorist group, the Montoneros was formed during the seven years when the military ran the country (1966–1973). The political fortunes of the Montoneros seem to be intimately entwined with those of Héctor Cámpora, who was elected President in March, 1973. Cámpora's tenure in the presidency was short-lived, because of his open support for the left-wing sector of the peronist movement. This alienated the orthodox peronist group of the organization who instigated Cámpora's resignation and urged Juan Perón's election to the presidency. The old caudillo himself then declared war

⁵ Cf. *La Nación*, November 24, 1975.

⁶ *La Nación*, May 5, 1975.

⁷ At the same time that Isabel Perón was making her plea for unity and respect for the verticality principle, the *Partido Peronista Auténtico*, comprised of left-wing dissidents, called for her resignation as President of Argentina. She was ultimately confirmed as head of the peronist movement at the Justicialist Congress; but, as has been suggested, perhaps only because no one could offer a viable alternative. Before the vote was taken, 118 of the 238 delegates walked out in protest. See *The New York Times*, August 25, 1975; *Hispano*, September 15, 1975, p. 48; and *La Nación*, August 25, 1975.

⁸ *La Nación*, November 17, 1975.

against his youthful followers, the Montoneros, and labeled them "stupid mercenaries." When Juan Perón died shortly thereafter, he left a legacy of disunity in the Justicialist Movement that he had founded some 30 years ago.⁹

While López Rega was the real power behind the throne, the peronist ultra-right-wing sector sought to exclude the Montoneros from meaningful participation in the government. Ideologically, the Montoneros clamored for socialism; the "lopezreguistas" meanwhile demonstrated support for a corporative fascist-type regime. This was anathema to the Montoneros; believing that they had been betrayed, they subsequently became a clandestine organization and declared war on Perón's government. With the help of groups like the People's Revolutionary party (ERP), the Montoneros now spearhead a campaign of armed resistance against the very government they helped to bring to power. The anti-government campaign is aimed at provoking a military coup, which they believe would polarize the country between left and right and eventually would benefit their cause.

Another terrorist faction, the *Ejercito Revolucionario del Pueblo* (People's Revolutionary Army, ERP), characterized as one of the strongest marxist-leninist guerrilla organizations in Latin America, is capable of making or breaking the Perón government. The ERP is said to have formed a united front with the other powerful guerrilla groups who demand (among other demands) freedom for all political prisoners detained by virtue of the state of siege and the repeal of those "laws of exception" aimed at repressing the activities of extreme leftist organizations in Argentina.¹⁰ The ERP is a sophisticated guerrilla organization, whose commander in chief is Roberto Mario Santucho, with a doctorate degree in economics. As the armed branch of the *Partido Revolucionario de los Trabajadores* (Worker's Revolutionary party, PRT), the ERP subscribes to the theories of another Argentine, Ernesto "Che" Guevara, and is inspired by the liberation struggle of the Vietnamese people.

There is a strong feeling in political circles that the "Latin American Vietnam" planned by "Che" Guevara on the southern border of Bolivia might yet ma-

⁹ Cf. Julio A. Fernández, "The Crisis of Authority in Argentina," *Current History*, January, 1974, pp. 16-17.

¹⁰ In November, 1974, a state of siege was declared that suspended civil rights and removed the right of persons arrested to have a trial. Since then, other measures have been taken; such as the passage of subversion laws, and stiffer punishment for subversive crimes, and the outlawing of both the Montoneros and ERP.

¹¹ *The Vision Letter*, June 30, 1975

¹² At the time of López Rega's resignation, the Argentine Senate had begun impeachment proceedings against him on the basis of military intelligence reports, linking him with the Triple A. See *Latin American Report*, vol. 3, no. 12 (July, 1975).

terialize in the southern cone of the hemisphere, because of the conspicuous success of revolutionary warfare in Vietnam. Some observers believe that the humiliating defeat of the world's greatest power by a guerrilla army in Vietnam has enhanced the prestige of guerrilla movements like the ERP and other guerrilla nuclei, who believe in the efficacy of "national liberation" wars.

INTERNATIONAL GUERRILLAS

Argentine counter-insurgent forces have discovered that an international guerrilla organization is operating in Argentina. This organization, called the *Junta Coordinadora Revolucionaria* (International Revolutionary Coordination Junta, JCR), is said to represent guerrilla organizations from several neighboring countries, including the Chilean MIR, the Bolivian ELN, the Uruguayan MLN Tupamaros, and the proscribed Brazilian and Argentine guerrilla movements. There is much speculation about the ability of the Argentine military to eradicate this kind of international revolutionary directorate.

Both the ERP and Montoneros appear to coordinate their terrorist activity in both urban and rural areas, with the ERP in charge of guerrilla-warfare training programs for recruits in clandestine Argentine camps. While it cannot be confirmed that a formal alliance exists between the ERP and the Montoneros, it is known that the former capitalizes on the growing discontent and frustration of the Montoneros with the peronist movement. To the extent that there is an alliance between the ERP and Montoneros, the combined strength of these two organizations would approximate 200,000 terrorists.¹¹

What has also captured the attention of political analysts is the sudden appearance of a mysterious ultra-right-wing organization, *Alianza Anti-comunista Argentina* (Argentine Anti-communist Alliance, AAA). This relatively new group has been blamed for more than 200 murders of marxist personists since mid-1974. Many observers believe that the Triple A, if not a part of the government, operated with virtual immunity from the government, at least until the forced resignation of López Rega.¹²

The macabre terroristic activity of the Triple A is
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Julio A. Fernández, a native of Belize in Central America, has written a number of articles on Latin America for scholarly journals and is the author of *Political Administration in Mexico* (Boulder: University of Colorado Bureau of Governmental Research and Service, 1969) and *The Political Elite in Argentina* (New York: New York University Press, 1970). His professional interests include comparative government and international relations with a special emphasis on Latin American politics.

BOOK REVIEWS

On Latin America

LATIN AMERICAN FOREIGN POLICIES: AN ANALYSIS. By HAROLD EUGENE DAVIS, LAR-MAN WILSON ET AL. (Baltimore, Md.: The Johns Hopkins University Press, 1975. 469 pages, preface, tables and index, \$18.00, cloth; \$5.95, paper.)

Professors Davis and Wilson and 16 other Latin American specialists have produced an excellent study of the foreign policies of the nations of Latin America. Most studies of Latin American relations deal with the subject from the viewpoint of United States policy in the hemisphere, or they are historical, examining British, French or United States policy toward Hispanic-American independence or United States relations with an individual nation. This study deals with the international relations problems and the foreign policies of the nations in the hemisphere from the standpoint of the individual nation or group of nations. In each case, the author analyzes the major international problems of the nation, the historical problems that have produced settled doctrines or policies and how the nation's domestic politics affect the formulation of foreign policies; he then examines the process of foreign policy formulation and how each nation views its position today in relation to other nations, regions and international organizations. There is an appendix on relations with the Communist states. Helpful bibliographies are included at the end of each chapter. Libraries will want this volume because it fills a gap in the literature on Latin American affairs.

THE MAKING OF THE MONROE DOCTRINE.

By ERNEST R. MAY. (Cambridge, Mass.: Harvard University Press, 1975. 300 pages, preface, acknowledgments, appendices, photographs and index, \$12.50.)

Why did the United States abandon its policy of nonentanglement in the politics and wars of other nations and promulgate the Monroe Doctrine? Because the existing literature on the Monroe Doctrine did not answer this question to Professor May's satisfaction, he undertook this study, which is a provocative addition to the history of the era. May concludes that the adoption of the Monroe Doctrine is "best explained in terms of domestic politics." At the same time, he cautions, "the conclusion argued here is based chiefly on circumstantial evidence, and because this is so, I would urge readers to review the evidence in their

own minds before uncritically accepting my verdict."

In examining the forces involved in the making of the Monroe Doctrine, May has written a lively account of the pertinent political events of the period. At the same time, he draws a vivid picture of the personalities and political rivalries of the leaders involved in formulating foreign policy during the era.

Canning's proposal that the United States join Britain in opposing European interference in Spanish America was the catalyst that led to the formulation of the Monroe Doctrine. With the support of Thomas Jefferson and James Madison, James Monroe was in favor of joining the British. Initially, John C. Calhoun, too, favored the British proposal. But John Quincy Adams opposed it.

May believes that Adams's opposition was based on his fear that he might be held responsible for embracing British policy, and that he might be depicted as the man who made the United States a satellite of Britain in the forthcoming presidential election. Finally, Adams's ability to prevail on Monroe to make an independent declaration and to introduce a new theme in the doctrine, "that there should be no future European colonization in the Western Hemisphere," kept Adams a strong candidate in the 1824 election.

POLITICS IN ARGENTINA, 1890-1930. THE RISE AND FALL OF RADICALISM. By DAVID ROCK. (New York: Cambridge University Press, 1975. 300 pages, preface, appendices, select bibliography, tables and index, \$19.50.)

David Rock's study is the nineteenth volume in the Cambridge Latin American studies series. It is a keen analysis of the sociopolitical forces in Argentina from 1890 to 1930. Rock explores the distribution of power among four major groups: the landed and commercial elite of the pampas, foreign capital, the urban middle class and the urban working class. He shows why attempts to form stable institutional relationships among them failed. At the same time, he traces the development of the Radical party, which dominated the era, and analyzes the means by which the party maintained power.

Radicalism derived its strength "from its ability to mobilize popular support by tailoring its appeal to a wide variety of groups in different areas." It showed most vitality among the middle classes in

the cities and among the small businessmen and farmers in the country districts. Through its local organizations, it developed a means of dispensing favors similar to the system used by ward bosses in American cities.

The pressures of the Radicals did bring about the electoral reforms of 1912, the Sáenz Peña law, which authorized the preparation of a new electoral roll, introduced the secret ballot and established a new system of voting. The electoral reform, however, was not democratic. It enfranchised only natives of Argentina. This was a form of class discrimination, because foreign immigrants made up the bulk of the working class. In effect, the Radicals and the middle classes were to be given a share in government, but the immigrants and workers were to be excluded as before. The Law of Residence that allowed the government to deport undesirable immigrants—those who threatened the social order—continued to be upheld by Sáenz Peña as “a right sovereignty.”

During the first World War and the postwar period, rapid inflation was Argentina's most pressing problem. In 1919, a strike at a metallurgical plant spawned a general strike that led to widespread violence and rioting. The belief that labor was the tool of foreign interests led the elite and upper classes to mobilize a paramilitary organization under the Patriotic League Movement. Foreign business groups provided financial support for the paramilitary organization. The army also supported the Patriotic League.

The Patriotic League Movement posed a threat to Radicalism. But the Radicals were able to maintain power by projecting their leader, Hipólito Yrigoyen, as “the embodiment of the patriotic mystique.” Yrigoyen also began to “use his control over administrative patronage on a massive and systematic scale to cultivate political allegiances.”

Although Yrigoyen was able to win the election of 1928, his government was overthrown by a military coup in 1930. Rock concludes, “Radicalism failed principally to overcome the problem of political instability. . . . It was unable to devise an adequate formula to reconcile the diverse groups it represented or aspired to represent. . . . The contribution made by Radicalism to the development of Argentine society was more in the nature of anticipation and precedent than performance. While it reflected the emergence of a plural social structure, it also portrayed for the first time the difficulties of applying a system of power-sharing in a society markedly biased towards elitism and entrenched privilege. If it served temporarily to defer conflict, it could not fully overcome it.”

MEXICO UNDER SPAIN: 1521-1556. SOCIETY AND THE ORIGINS OF NATIONALITY. By PEGGY K. LISS. (Chicago: The University of Chicago Press, 1975. 229 pages, preface, notes, selective bibliography, map and index, \$12.50.)

Studying the beginnings of Mexican society during the reign of Charles V, Peggy Liss has sought to discern how a sense of Mexican-ness could evolve among Spaniards in Mexico and “to understand more fully the processes enabling Spain to control millions of Indians.” She has written a most interesting and readable history of the period.

First, she examines the Spain of Ferdinand and Isabella and describes the mental attitudes of the conquistadores. She then examines Mexican policy under Charles V, the role of the friars and the church and, finally, the transformation of Spaniards into Spanish Americans. In conclusion she notes, “The roots of much Mexican history since the Spanish conquest are discernible in both material and mental aspects of the years during which Spain established domination. Prevalent conditions today—government by one party and government or party as mediator among social factions; constitutionalism, the survival of peasant communities, mestizo control and caciquismo in many towns, indigenismo, the strength of Mexico City, of central government there, and of central control of funds, as well as other remnants of the past which have only recently lost their potency or altered their forms—all were visible in the initial period of Spanish and Indian encounter. And important to that period, in turn, were the peninsular backgrounds of the Spanish conquerors and the preconquest life of the native peoples.”

THE POLITICS OF CHANGE. A JAMAICAN TESTAMENT. By MICHAEL MANLEY. (Washington, D.C.: Howard University Press, 1975. 262 pages and index, \$9.95.)

The Jamaican Prime Minister is a powerful spokesman for the need of his nation in this study. He states, “In the early post-colonial phase of a developing country, only political movements devoted to the politics of change have relevance.” After reviewing the political, social and economic conditions demanding change and defining the institutions through which change can be accomplished, he discusses some government programs.

INDUSTRIALIZATION AND EMPLOYMENT IN PUERTO RICO, 1950-1972. By KAREL HOLBIK AND PHILIP L. SWAN. (Austin, Texas: Bureau of Business Research, The University of Texas, 1975. 79 pages, foreword, bibliography and tables, \$3.00.)

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CURRENT DOCUMENTS

CIA Assassination Plots in Latin America

On November 20, 1975, the Senate Select Committee on Intelligence released a report on United States involvement in assassination plots against the leaders of foreign governments. The report, which was released despite administration objections, dealt with CIA activities against the heads of Latin American governments, among others. Excerpts from these sections follow:

* * *

The Committee investigated alleged United States involvement in assassination plots in five foreign countries:

Country	Individual involved
CUBA	FIDEL CASTRO
CONGO (ZAIRE)	PATRICE LUMUMBA
DOMINICAN REPUBLIC	RAFAEL TRUJILLO
CHILE	GENERAL RENE SCHNEIDER
SOUTH VIETNAM	NGO DINH DIEM

* * *

The evidence concerning each alleged assassination can be summarized as follows:

* * *

Fidel Castro (Cuba).—United States Government personnel plotted to kill Castro from 1960 to 1965. American underworld figures and Cubans hostile to Castro were used in these plots, and were provided encouragement and material support by the United States.

Rafael Trujillo (Dominican Republic).—Trujillo was shot by Dominican dissidents on May 31, 1961. From early in 1960 and continuing to the time of the assassination, the United States Government generally supported these dissidents. Some Government personnel were aware that the dissidents intended to kill Trujillo. Three pistols and three carbines were furnished by American officials, although a request for machine guns was later refused. There is conflicting evidence concerning whether the weapons were knowingly supplied for use in the assassination and whether any of them were present at the scene.

* * *

General Rene Schneider (Chile).—On October 25, 1970, General Schneider died of gunshot wounds inflicted three days earlier while resisting a kidnap attempt. Schneider, as Commander-in-Chief of the Army and a constitutionalist opposed to military coups, was considered an obstacle in efforts to prevent Salvador Allende from assuming the office of President of Chile. The United States Government supported, and sought to instigate a military coup to block Allende. U.S. officials supplied financial aid, machine guns and other equipment to various military figures who opposed Allende. Although the CIA continued to support coup plotters up to Schneider's shooting, the record indicates that the CIA had withdrawn active support of the group which

carried out the actual kidnap attempt on October 22, which resulted in Schneider's death. Further, it does not appear that any of the equipment supplied by the CIA to coup plotters in Chile was used in the kidnapping. There is no evidence of a plan to kill Schneider or that United States officials specifically anticipated that Schneider would be shot during the abduction.

* * *

The effort to assassinate Castro began in 1960 and continued until 1965. The plans to assassinate Castro using poison cigars, exploding seashells, and a contaminated diving suit did not advance beyond the laboratory phase. The plot involving underworld figures reached the stage of producing poison pills, establishing the contacts necessary to send them into Cuba, procuring potential assassins within Cuba, and apparently delivering the pills to the island itself. One 1960 episode involved a Cuban who initially had no intention of engaging in assassination, but who finally agreed, at the suggestion of the CIA, to attempt to assassinate Raul Castro if the opportunity arose. In the AM/LASH operation, which extended from 1963 through 1965, the CIA gave active support and encouragement to a Cuban whose intent to assassinate Castro was known, and provided him with the means of carrying out an assassination.

* * *

American officials clearly desired the overthrow of Trujillo, offered both encouragement and guns to local dissidents who sought his overthrow and whose plans included assassination. American officials also supplied those dissidents with pistols and rifles.

* * *

The record reveals that United States officials offered encouragement to the Chilean dissidents who plotted the kidnapping of General Rene Schneider, but American officials did not desire or encourage Schneider's death. Certain high officials did know, however, that the dissidents planned to kidnap General Schneider.

As Director Colby* testified before the Committee, the death of a foreign leader is a risk foreseeable in any coup attempt. In the cases we have considered, the risk of death was in fact known in varying degrees. It was widely known that the dissidents in the Dominican Republic intended to assassinate Trujillo. The contemplation of coup leaders at one time to assassinate Nhu, President's Diem's brother, was

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* William E. Colby, Director of the CIA.

BANZER'S BOLIVIA

(Continued from page 64)

been required to convert the sectional aspirations of organized workers and peasants into an effective opposition movement. Despite his earlier career as minister of education, Banzer founded his regime on the military conquest of Bolivia's universities, and their neutralization is a key ingredient of his political strategy. Every time there is a sign of resistance, the public education system is subjected to a further purge and reorganization, but each time this suppresses the symptoms of opposition instead of eliminating the cause. Political peace is secured, but always on a temporary basis and at a high cost in terms of educational provision. This seems, however, a price that most officers will willingly continue to pay, as long as their children can receive private education and as long as recruitment to elite positions remains based on performance at the *Colegio Militar* rather than at the university. The hostility of some officers toward the university may have been further influenced by the student agitation of May, 1975, when students pressed for a full-scale inquiry into the activities of Gulf Oil, which had just admitted to buying influence from key figures in the (military) regimes of the late 1960's. At any rate, the student protests in question were promptly quashed by the military incumbents.

DEPOLITICIZATION

For the time being, then, Banzer has successfully neutralized opposition from political parties, labor unions, peasant sindicatos and student activists. Since November, 1974, the only political outlets allowed to the civilian population have been the Church (whose vague remonstrances are barely tolerated) and the regionalist associations, which tend to keep civilians divided among themselves, but which could, if mishandled, bring into question the ascendancy of the central authority. The general process of depoliticization has been achieved by means that must alienate many social groups and can be sustained only as long as the military remains united. Such unity, in turn, seems to depend on the maintenance of recent economic gains and the avoidance of issues that may be divisive to military opinion, such as the succession problem or matters affecting national security. There is, however, one issue of burning interest to the military establishment that cannot now be avoided: Bolivia's claim to a *salida al mar*.

In the Pacific War of 1879, Chile defeated Bolivia and Peru, annexing all Bolivia's coastline, plus a couple of Peruvian provinces as well. The peace treaty eventually signed in 1928 stipulated that Chile would cede any of the territory she had conquered from Peru to a third power (which could only be

Bolivia) only after securing the approval of Lima. Since then, successive governments in La Paz have continued to hope that by some means or other Chile and Peru might be persuaded to restore to Bolivia at least a narrow corridor to the Pacific coast. Anti-Chilean feeling on this issue contributed to Paz Estenssoro's decision to break diplomatic relations with Santiago in 1963. Bolivian military opinion remained concerned about the lack of progress thereafter, especially since residual Bolivian claim over the coastline will lapse in 1979, i.e., after 100 years of uncontested Chilean occupation of the territory.

RELATIONS WITH CHILE

After his *autogolpe*, Banzer seized on this issue to provide a distraction from internal affairs and legitimize a five-year military dictatorship. Perhaps he also believed that Augusto Pinochet Ugarte's Chile was sufficiently in need of external allies, and sufficiently in control of internal dissent, to be able to satisfy Bolivian aspirations. At any rate, in March, 1975, he abruptly renewed diplomatic relations with Chile and staged a summit meeting of the two heads of state in a railway carriage on the frontier line. His domestic critics were taken aback—they could not believe that Banzer was about to secure an outlet to the sea, but they dared not attack him in case they were wrong. Thus the Chilean expedient won Banzer a good five months of easy ascendancy. Eventually, the 150th anniversary of Bolivia's independence arrived, on August 6, 1975. If Santiago were ever to make a magnanimous gesture to La Paz, this would be the day on which to announce it. But no gesture was made; instead the Chileans decreed it unlawful for their subjects even to mention the possibility of surrendering any part of the national territory to any foreign power. The Peruvians also revived their claims (under the 1928 treaty) to be consulted on any territorial change affecting the area, to which the Chileans replied that any settlement to which they were a party must be strictly bilateral and could not touch the issue of sovereignty.

It is difficult to see how Banzer can extract a political victory from the present situation. Having secured diplomatic recognition, the Chileans have little interest in reaching a speedy settlement. Admittedly, their economic situation is critical, but the Bolivian economy is too small relative to the Chilean to permit a mutually acceptable bargain, exchanging territory for trade concessions. In any case, if the Peruvians believed that a Bolivian-Chilean pact was imminent, they would be driven to make some countermove to protect their own security. Banzer has bought himself a little time and some fleeting paper victories. It remains to be seen how high a price his regime will pay for raising national and military aspirations that will be difficult to satisfy. ■

BRAZIL*(Continued from page 56)*

judged the public mood, promising too much too quickly, counting too heavily upon high-risk good fortune. Geisel, who had been called a "lucky" President when the reserves of offshore oil were discovered, found his image reversed by the calamitous natural events—the floods in the northeast and frost in the south—which inflicted woe on the agricultural sector.

It is possible that Brazilians have been manipulated too often, and that dramatic policy changes decreed from the top will sooner or later take their toll in the credibility that the government heretofore has enjoyed. The economic boom has not significantly aided the less developed regions of the country, nor has it solved the dilemmas of what Minister Severo Gomes has called "distortions" in the process of growth.¹⁹ The fate of some of the new plans designed to deal with these inequities—for example, Planan, the National Program for Health and Nutrition—remains undecided, as the political pendulum swings back and forth.²⁰ The most critical issue remains the apparent inability of the Geisel administration to control the machinery of repression. ■

¹⁹ See Sue Bransford, "Growth Rate Slows Down," *Financial Times Survey*, September 23, 1975, p. 3. The official policy is described in "The Brazilian Development Model: An Experiment in Growth" (London: Brazilian Embassy, 1974).

²⁰ For an overview of events since 1964, see Georges-André Fiechter, *Brazil since 1964: Modernization under a Military Regime* (London: Macmillan, 1975).

CUBA'S FOREIGN POLICY*(Continued from page 72)*

the 1976 election), the bill supported by Bingham, who is chairman of the House Subcommittee on Trade and Commerce, was about to move to the floor of the House. The subcommittee's vote on the bill was delayed by the Cuban position on Zionism, and Bingham's statement effectively killed any chance for its approval.

At the end of 1975, notwithstanding the desire of both governments to reach an agreement, the normalization of diplomatic relations between Cuba and the United States appeared unlikely in the near future. There were many issues to be resolved. Cuba asked for the lifting of the trade blockade as a prerequisite

⁹ This is important from the legal rather than the financial point of view, because otherwise any shipment of Cuban goods to the United States could be seized by a court order requested by persons or entities that have claims validated by the government. In the past, Cuba made restitution to European countries for properties nationalized during the first years of the revolution.

for the beginning of talks. The United States now insists on "mature behavior" on the part of Havana before it relaxes the trade ban. Further along the line, from the Cuban perspective, were the following issues: the status of Guantanamo; the return of Cuban assets frozen in United States banks (totaling about \$40 million); and, possibly, a request for long-term credits. The United States believed that the first issue to be resolved was \$1.8 billion in American claims for properties expropriated by Cuba.⁹

The plight of about 800 Americans stranded in Cuba and unable to leave the island was also expected to be a topic of bilateral conversations, as was the issue of political prisoners who are relatives of Cubans who live in the United States.

So far Cuba has not explained her new, somewhat more aggressive international posture. While Cuba obviously wants a rapprochement with the United States, it is not a sine qua non of her foreign policy or, more important, her foreign trade. The Castro government might be biding its time until larger questions that influence its foreign policy "principles"—the United States-Soviet détente, the ongoing controversy between Moscow and Peking, squabbles among European Communist parties, and a series of world conflicts—are made clearer. Judging by past experience, practically all Castro's foreign policy principles are negotiable, and any change of policy, however drastic, is always within the realm of possibility. ■

CHILE UNDER THE JACKBOOT*(Continued from page 60)*

put it into practice. He was assured by the government that harsh measures were necessary to turn the state of "internal war" into a state of "internal security." Nevertheless, he began speaking out against alleged violation of human rights, turning his pulpit into a political forum.

To this day, Cardinal Silva Henríquez remains the most outspoken critic of the junta. On May Day, 1975, for example, he delivered a powerful sermon that attacked capitalism and, indirectly, the junta's economic program. He challenged the traditional laissez-faire tenet that capital should be regarded as the sole owner of the means of production, and found private property a contradiction in a country where so many people have nothing. Subsequently, he inferred that socialism was more compatible with Christianity than capitalism. He argued further that the economic life of a nation cannot be devoted to profit and was acclaimed by the faithful, most of whom are members of the Catholic Youth Workers Federation (*Juventud Obrera Católica*).¹⁷

¹⁷ This writer was in the cathedral in Santiago's Plaza de Armas to hear the sermon on May 1, 1975.

Because of the presence of General Nicanor Díaz Estrada, the minister of labor, and other high officials of the armed forces, the cardinal had to remind the congregation that his was a religious service and not a political speech.

Besides the cardinal's, other voices within the Church are making themselves heard. One of these is that of Father Renato Poblete, S.J., who welcomed the overthrow of Allende but who is increasingly disturbed by the junta's flagrant disregard for the poor. Father Poblete is the cardinal's secretary and shuttles back and forth from the cathedral to Diego Portales, the government building, to advise the junta of the cardinal's (and his) position on social and religious matters.¹⁸

The junta has not been pleased with the public statements made by the cardinal and other members of the Church, and on at least one occasion has forced the cardinal into retreat for his criticism of the government. But the junta knows that the cardinal is not likely to be silenced, and that if harsher measures are taken to prohibit him from speaking, the predominantly Catholic population would react openly against the government. As a result, the junta is turning its attention toward members of the lower clergy, who are much less controversial than the cardinal to persecute.

The disappearance of 119 leftists (see above), has been another point of conflict between Church and state, and is likely to further strain relations between the two. According to the families of those missing, they were the victims of multiple kidnappings and illegal arrests. The Chilean press, reflecting the views of the government, maintains on the other hand, that the 119 were killed by a leftist "death squad." The investigation into the case has acquired considerable importance since it has the support not only of the cardinal but of the new president of the Supreme Court as well, Judge José María Eyzaguirre.¹⁹

The government's contention and the press allegations have been viewed by many as a cover-up. As a result, the incident has provoked the first mass protest

¹⁸ Although Padre Poblete is less critical of the junta than the cardinal, he has made it clear to this writer that he would not tolerate alleged violations of human rights on the part of the junta.

¹⁹ *Latin America*, vol. 9, no. 32, (August 15, 1975), p. 255.

²⁰ "Chile: Missing Persons," *Time*, August 18, 1975, p. 33.

²¹ "Chilean Junta Bans All News on Priests and Others Accused of Aiding Fugitive Guerrillas," *The New York Times*, November 16, 1975, p. 23.

²² The following parties made up the Unidad Popular coalition: The Communist party (Partido Comunista); the Socialist party (Partido Socialista); the Radical party (Partido Radical); MAPU (Movimiento de Acción Popular Unida); the Christian Left (Izquierda Cristiana); and, API (Acción Popular Independiente).

²³ *Latin America*, vol. 9, no. 29 (July 25, 1975), p. 228.

against President Pinochet's increasingly personal brand of dictatorship. In August, 1975, Don Enrique Alvear Urrutia, the auxiliary bishop of Santiago, held a service to pray for the relatives of the missing. Four thousand people attended, including two other bishops and some 30 priests, in what appeared to be a show of force against repression.²⁰

In retaliation, the government accused the Church of giving asylum to the extreme left. Cardinal Silva Henríquez replied by issuing a statement reproaching the clergy for becoming involved with extremist groups. At the same time, he made it clear that he was in favor of giving humanitarian aid to those who needed it. The Comité Pro-Paz, an ecumenical organization helping political prisoners and their families, has had to curtail its activities because of government pressure.

By the end of 1975, the junta had made it clear that it would not spare members of the Church from prosecution. Four Chilean priests, Fernando Salas, Patricio Cariola, Rafael Marotto and Gerardo Wheelan, were arrested and accused of having given aid to fugitive leaders of the MIR. Others alleged to have been involved in the case were three United States nuns and a United States priest, Father Thomas Phillip Devlin, who were deported to the United States.²¹

In spite of the government crackdown against lower members of the clergy, the Church remains perhaps the safest place of refuge for Chileans who are opposed to the junta. With all political demonstrations outlawed, religious services have become the only form of protest in Chile.

ANTI-JUNTA FORCES

Criticized by exiles for their cold-blooded determination and brutal efficiency, Chilean military leaders are now experiencing an attack from within. Some Christian Democrats, outraged by the attempted assassination of Bernardo Leighton, are following his advice to make common cause with the left. They seem ready to throw in their lots with the parties of the former Popular Unity coalition (Unidad Popular) in order to work actively against the junta and to bring about a return to constitutional rule.²²

The strategy for an alliance of anti-junta forces resulted from a meeting of Socialists, Christian Democrats, Radicals and representatives from other minor parties that was held in Caracas, Venezuela, in July, 1975. Bernardo Leighton, spokesman for the exiles, was not optimistic about a swift return to constitutionality. But he pointed out that an alliance of opposition forces was necessary if there were to be any hope to end military rule in Chile.²³ This was also the assessment of the Communists, who did not participate in the meeting, and who are keeping a low profile while their leader, Luis Corvalán, is in prison.

While Frei remained silent, Patricio Aylwin, the conservative president of the PDC, rejected the formation of such an alliance. He left himself open to a rebuff from the regime, however, when he wrote in *La Segunda*: "Our task as a party is to reach an agreement with groups that formed the opposition to the Allende regime, and with the armed forces, in order to restore democracy in Chile."²⁴

In their retort, the military painstakingly pointed out that they had set out on a course to institute a different kind of "democracy," which would be devoid of politicians and political parties. They further instructed the Christian Democrats to keep away from politicking unless they were willing to face the consequences.

In a conciliatory move, the military offered Frei a seat on the proposed council of state, designed to replace the defunct Congress. The former President has not accepted thus far, and it is unlikely that he will. The reason may be that he does not want to give legitimacy to the council with his acceptance, especially now that the opposition to the government is trying to unite in an attempt to return to civilian rule.²⁵

Conspicuously absent from the meeting of exiles in Caracas and from the subsequent talks of anti-junta forces in Chile were the members of the Leftist Revolutionary Movement. Since its founding in 1966, the MIR has functioned primarily as an organization of Maoists and Trotskyists disaffected by the policies of the Communist and Socialist parties. After the triumph of Allende, the MIR refused to join the Unidad Popular government, preferring to organize cadres of armed peasants, workers and students. In fact, the MIR continuously pressed Allende to move at a swifter pace in the nationalization of copper and the expropriation of the big latifundia. As the Guatemalan novelist, Victor Perera, has pointed out, "Ironically, MIR contributed as much as any of the enemies to undermine Allende by antagonizing moderates and inflaming anti-Marxist hatreds of landlords and the top military brass."²⁶

Like the Tupamaros in Uruguay, the MIR has not proved able to withstand the systematic repression launched against it by the government. In October, 1974, its leader maximo, Miguel Enríquez, was killed by the police in a street battle. A year later, Dagoberto Pérez, his successor, also met his death at the hands of the police. That left two other leaders, Nelson Gutiérrez and Andrés Allende Pascal, the nephew of the late President Allende. Also involved

in the gun battle with police that killed Pérez, Gutiérrez and Allende were forced to seek asylum in the papal mission and the Costa Rican Embassy, respectively. The junta has confirmed rumors that no safe-conduct pass out of the country will be given to the two "miristas."

With the leadership emasculated, MIR effectiveness as an anti-junta force has been greatly reduced. Other guerrilla activities have been reported in Chile, but the recent government claims of plots to exterminate members of the junta have more to do with the regime's own sense of insecurity than with any immediate threat from the left.²⁷

It can be said in conclusion that the less public support the Chilean government finds for its social and economic programs the greater degree of repression it seems willing to perpetrate. By accusing the left of wanting to assassinate political leaders and to overthrow the government (which the left probably would do if it could), the regime is justifying its own use of arbitrary incarcerations and torture. As was the case with the Argentinian military after the overthrow of Juan D. Perón, the Chilean military is beginning to find out that it is one thing to remove a leader and another to govern. The junta holds political power only by brutal force. How long the regime will last is difficult to assess. The dismal economic outlook, the continued violations of human rights, the alliance of anti-junta forces, and the mounting criticism of the Roman Catholic Church may ultimately prove to be too much for the Pinochet government. ■

MEXICO

(Continued from page 52)

Chief Executive in any country been subjected to a more studied insult.

Although his rhetoric has often been vapid and ambiguous, Echeverría has made a herculean effort—one that will be impossible for López Portillo to ignore—to assert his country's independence of the United States, which provides 80 percent of Mexico's foreign investment, holds three-fourths of her \$15-billion external debt and with which Mexico conducts two-thirds of her foreign trade.²⁸ In December, 1974, Echeverría signed an agreement for commercial co-operation between Mexico and the European Economic Community (EEC); this was the first such accord between the EEC and a Latin American nation. He also negotiated an agreement for economic, scientific and technical cooperation between his country and the Council for Mutual Economic Assistance, the Communist economic alliance. In the past five years, Mexico has established diplomatic

²⁴ *Latin America*, vol. 9, no. 39 (October 3, 1975), p. 306.

²⁵ *Ibid.*, p. 305.

²⁶ *The New York Times Magazine*, op. cit., p. 78.

²⁷ *Latin America*, vol. 9, no. 44 (November 7, 1975), p. 351.

²⁸ *Ibid.*, January 26, 1975, p. 18.

ties with dozens of countries—19 in the 12 months ending on September 1, 1975—bringing to 97 the number of nations with which she has relations.²¹ Echeverría has also declared that “an exclusive economic zone” extends 200 miles from his country’s shores, giving Mexico exclusive authority over fishing in the rich Gulf of California.

MEXICAN-UNITED STATES RELATIONS

Despite these almost compulsive nationalistic assertions and the strains produced by Echeverría’s inflammatory pronouncements (especially by his fiery speech to the United States Congress in 1971), the United States and Mexico managed to maintain fruitful relations during Echeverría’s presidency, thanks in large measure to the presence of the skilled American ambassadors, Robert McBride and Joseph J. Jova, in Mexico City. Border disputes were resolved; the salinity problem caused by the Colorado River was settled; and narcotics smuggling was attacked cooperatively. Of continuing concern to both nations, and especially to the United States, is the annual entry into this country of an estimated one million illegal Mexican immigrants. Diplomats in Washington believe that satisfactory relations between the two countries will improve with the December 1, 1976, inauguration of the more pragmatic and predictable López Portillo.

The President’s most assiduous *tercermundista* efforts have been directed toward the creation of a “system for the development of the third world.” Such a structure appears to be a global version of the embryonic Latin American economic system proposed by Mexico in mid-1974; it would attempt to better terms of trade between less developed and developed nations, strive to improve conditions for the importation of goods, capital and technology, and coordinate prices and policies related to primary products among third world countries. While not yet a member of the Organization of Petroleum Exporting Countries (OPEC), Mexico’s oil production has doubled during the present administration to 840,000 barrels per day, and Echeverría had emphasized that his country “will not sell a single barrel under the price established by the international market.”²² Mexico has taken the lead in organizing an international sugar agreement and actively participates in a coffee cartel, whose president is Mexican.

To find new markets for Mexican exports and cobble together a third world constituency for his pet “system,” Echeverría has become the most traveled

President in his country’s history. Thus far he has visited 36 nations and held meetings with 64 heads of government. His most recent jaunt took place during mid-1975 and began as a two-week, five-nation trip, hastily expanded to 44 days and 14 countries. The improvised, frenetic nature of the tour inspired analysts to characterize Echeverría as a combination of “Superman and Speedy González,” as he glad-handled his way across three continents.

Critics of the peripatetic President claim that the extravaganza was at best unnecessary and was at worst a waste of \$20 million and valuable time, both of which might better have been devoted to the country’s mounting economic and social problems. Others, including some leftists as well as presidential boosters, viewed the trip and the attendant accords, cultural exchanges and technical agreements as crucial to reducing Mexico’s dependence—both economic and psychological—on her powerful neighbor to the north.

Although Echeverría piously rejects any such interpretation, these travels have also been designed to boost his candidacy for the United Nations secretary-generalship, a position that must be filled when Kurt Waldheim’s term expires on December 31, 1976. Since the creation of the United Nations 30 years ago, three Europeans and one Asian have held its top post, and Latin Americans believe it is their turn. While Echeverría has garnered support—Raúl Castro, Cuba’s defense minister, and General Alexander Atunian, the Soviet Union’s vice minister of the armed forces among others, have endorsed him—the prospects for his candidacy were dashed in September, 1975, when he called for Spain’s expulsion from the United Nations after the execution of five Basque terrorists. When the head of a country where the press is intimidated, prisoners are regularly tortured and opponents of the regime are shot in the streets presents himself as a champion of civil liberties, hypocrisy becomes a new art form.

Since the United Nations post appears to be out of reach, Echeverría must make other plans for his post-presidential career. Tradition dictates that a former Chief of State turns center stage over to his successor and devotes himself to fattening his bank account. But Echeverría, whose ego is larger than that of most Presidents, has shown himself a maverick on more than one occasion, and he will resist fading into the shadows. He may have his eye on the rectorship of a new University of the Third World, now under construction on land that he donated in the San Jerónimo suburb of Mexico City. From this vantage point, he could continue to act as an unofficial spokesman for the less developed countries, while encouraging López Portillo to continue and deepen programs begun during his term in the hope of revitalizing Mexico’s revolutionary tradition. ■

²¹ Foreign Broadcast Information Service, *Daily Report* (Latin America), September 3, 1975, p. M-6.

²² *Ibid.*, p. M-4.

VENEZUELA

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would be providing up to 20 percent of all manufactured goods produced in Venezuela.⁹

The increased revenues that the government of Venezuela is receiving (up from an anticipated \$3 billion to \$10 billion in 1974) will make more rapid development of the Guayana possible. The government plans a dramatic expansion of the steel mill, from its present output of about one million tons to five million tons by 1978 and to fifteen million tons by 1985. This would make Venezuela the largest producer of steel in South America. Steel fabricating and shipbuilding enterprises are planned, and the aluminum plant is being expanded. The government nationalized the holdings of the United States and Bethlehem Steel Corporations on January 1, 1975, and expects to increase production during the next few years to supply the expanded steel mill as well as the foreign market. During the next decade, the Guayana region will receive a massive impetus for economic growth.

OTHER ASPECTS OF THE ECONOMY

Although the growth of heavy industry oriented toward the exporter sector in the Guayana is vital to the future economic success of Venezuela, the development of other aspects of the economy is also important. Construction of a large new petrochemical complex at El Tablazo on Lake Maracaibo will enable the Venezuelans to gain additional dividends from the exploitation of their petroleum, and continued development of manufacturing industries in cities in central Venezuela will contribute significantly to national growth. Venezuela's adherence to the Andean Pact (a treaty for economic cooperation and integration that has also been signed by Colombia, Ecuador, Peru, Chile, and Bolivia) has expanded her markets and should bring greater economies of scale in manufacturing enterprises. Plans for the construction of three or four large shipyards to build a Venezuelan fleet of tankers and other merchant ships were announced in early 1975. The Gran Mariscal de Ayacucho scholarship program is probably one of the most ambitious plans devised by any nation to educate a generation of high school graduates at foreign universities. The goal of the program is to provide Venezuela with the skilled technicians she

needs to develop her economy by sending 40,000 students abroad during the next five years. Preference will be given to students who wish to study petroleum engineering and petrochemicals, metallurgy and mining, agriculture and animal husbandry, oceanography and fisheries, and aeronautics and shipbuilding.

Although agriculture was once the mainstay of the Venezuelan economy, the distraction of oil has, unfortunately, caused agricultural output to decline. Farmers have left their land in an attempt to share in the wealth of the capital city. Caracas has swollen to a population of over two million, and the city has been unable to absorb most of the new immigrants effectively. Many of the immigrants are unemployed or underemployed; they live in shacks built on the mountain slopes at the periphery of the city. The rural areas that these people left behind have been unable to produce sufficient food to supply the growing population of the nation (11.5 million in 1973; the growth rate is about 3.5 percent annually). According to one observer, Venezuela produces only half of her food requirements, and now must import both sugar and beef—products which, a few decades ago, Venezuela exported.¹⁰ Recent governments have tried to remedy this situation, but have failed to make a significant impact on the problem. An agrarian reform law passed in 1958 sought to correct skewed land-holding patterns and led to substantial resettlement (165,000 families), but it has not increased productivity. President Pérez plans to invest heavily in agricultural development, probably in agro-industrial enterprises rather than in peasant resettlement, and he may be able to move toward a solution during the next few years.

MORE OIL?

Venezuela's proved reserves of commercially marketable crude oil will be exhausted by 1990 or 2000, but there is still more oil in Venezuela. PETROVEN plans to invest over \$5 billion in the petroleum industry during the next five years, over \$2 billion of which will be spent on exploration. Some of the funds will undoubtedly be spent to develop offshore drilling and some will be invested in research on the production and refining of heavy viscosity crude oils. The Orinoco tar belt contains an estimated 700 billion barrels of heavy viscosity crude that has a high level of impurities. Recently developed steam injection techniques could make it economically feasible to pump this thick crude oil to the surface, and the increase in the price of petroleum may make it possible to extract the contaminants and market the final product successfully. If these factors make exploitation of the Orinoco tar belt economically feasible, Venezuela will be a petroleum exporting country for at least another 100 years; the total of 700 billion

⁹ For a more complete description of the development of the Guayana see Lloyd Rodwin et al., *Planning Urban Growth and Regional Development* (Cambridge: MIT Press, 1969), or Stephen C. Dodge, "The History of the Economic Development of the Venezuelan Guayana Region," Ph.D. dissertation, University of Minnesota, 1968.

¹⁰ Penny Lernoux, "On the Petroleum Merry-Go-Round," *Nation* (February 15, 1975), pp. 165-170.

barrels that the belt contains is a reserve five times larger than the present proved reserves of Saudi Arabia and 70 times larger than the crude oil that has been discovered on Alaska's north slope.

PROGNOSIS

It is difficult to restrain one's optimism when analyzing Venezuela's prospects. The prognosis is bright. There is enough petroleum wealth to pay for the industrialization of the nation before the wells run dry. The democratic political structure which has evolved since 1958 when the dictator Pérez Jiménez was overthrown has been remarkably stable; it has withstood serious challenges from within Venezuela and has effectively resisted the trend toward military dictatorship in the rest of Latin America. The viability of the democratic system has been enhanced by the apparent agreement of the two major political parties, Acción Democrática and COPEI, with regard to some of the main issues in Venezuela (i.e., the nationalization of petroleum and the adherence to the Andean Pact). The election of Carlos Andrés Pérez in December, 1973, by an unprecedented 49 percent of the vote, should provide Venezuela with stable and effective leadership for the remainder of the decade. If the government can invest in industry and agriculture effectively, the benefit of the new wealth can be distributed more equitably throughout the nation. There is the possibility of failure—through mismanagement, corruption, damaging inflation, or major shifts in world markets for petroleum and other commodities—but it seems safe to say that Venezuela has a very good chance of becoming the major industrial nation of South America. The most glorious period of her independent history may have just begun. ■

POLITICAL IMMOBILITY IN ARGENTINA

(Continued from page 76)

directed against those characterized as "bolches" (Communists) and enemies of the state, bent on promoting national disintegration, and is designed to cope with the escalated guerrilla activity of the Montoneros and the ERP. To this end, many peronist left-wing activists have been assassinated; others have been threatened; and a group of well-known politicians, artists, and peronist labor leaders has been sentenced to death. Those sentenced to die by the Triple A have included members of the Chamber of Deputies, like Horacio Sueldo and Héctor Sandler, defense lawyers for various political prisoners, and ex-President Héctor Cámpora, who lived for a while in Mexico (to escape the death sentence), and has now returned to Argentina allegedly to provide leadership to the rebel left-wing sector of the peronist movement.

CONCLUSION

The peronists appear increasingly concerned with the strong possibility of a coup if they do not get their peronist house in order soon. Thus the need to demonstrate political unity in the movement becomes imperative. To the extent that peronist leaders are willing to acknowledge the existence of two different sectors (the rebel left, *rebeldes*, and the orthodox right, *verticalistas*), within the peronist organization, political unity can be realized. Some kind of political compromise or modus vivendi is needed between the so-called *rebeldes*, who demand the democratization of the party and the lifting of disciplinary sanctions against leftist sympathizers, and the *verticalistas*, who swear obedience to the leadership principle of "verticality," recognizing Isabel Perón as the sole trustee of peronist postulates. The political viability of the peronist movement as well as the Perón government may well depend on whether the *rebeldes* and *verticalistas* opt to sublimate philosophical differences or decide to continue on their present collision course.

In Argentina today, there is an unusual paradox; the government that received an overwhelming mandate from the people is rapidly losing all support. The same seven million Argentines who, through the ballot box, legitimized the peronist government have expressed grave reservations about their leader's ability to rule.

It is evident that the military is losing patience with the political immobility of the peronist regime, which remains unable to deal effectively with the problems of terrorism, runaway inflation, and the overall economic unrest of the workers who comprise the major base of the regime's support. The military is apparently trying very hard to make democracy work in Argentina under very difficult circumstances. Military leaders want to preserve *la normalidad institucional* and to make good the provisions of the statute approved by the military regime of General Alejandro Lanusse that guaranteed general elections in 1977 to elect the President of the republic and to replace the national Congress. This commitment is taken seriously by the Argentine military because it represents the general aspiration of Argentina's political parties. The military sector is concerned, however, that the terrorists may upset its plans for the realization of general elections, if they continue to promote anarchy and confusion in the country. Thus the military appears to be concentrating its efforts on an expansion of the anti-guerrilla campaign.

Since Isabel Perón assumed power in 1974, the Argentine military has had several opportunities to stage a coup but has exercised remarkable restraint. The Perón government's concession to the military in October, 1975, giving military leaders full control of the battle against guerrilla activities could be Perón's

first step toward surrendering the reins of government. Experience in Uruguay and Chile has shown that it is difficult to regain power from the military. General Luciano Menendez, a hard-line Argentine army man, gave a glimpse of a possible future when he remarked that "in order to be effective, repression must be carried out in all places where there is subversive action. Measures will have to be taken in the trade unions, universities, etc."¹³

Another factor in the army's refusal to leave the barracks may be its bitter memory of the seven years of military rule before Juan Perón's return to power in 1973.¹⁴ One could theorize, however, that the real reason that the military remains on the sidelines is that it is watching the Perón regime continue to spread the seeds of its own destruction, which will hopefully put to rest the myth of Perón.

¹³ *The New York Times*, October 13, 1975.

¹⁴ Cf. Julio A. Fernández, "Crisis in Argentina," *Current History*, February, 1973, pp. 50-51.

ASSASSINATION PLOTS

(Continued from page 79)

communicated to the upper levels of the United States Government. While the CIA and perhaps the White House knew that the coup leaders in Chile planned to kidnap General Schneider, it was not anticipated that he would be killed, although the possibility of his death should have been recognized as a foreseeable risk of his kidnapping.

* * *

Officials of the CIA made use of persons associated with the criminal underworld in attempting to achieve the assassination of Fidel Castro. These underworld figures were relied upon because it was believed that they had expertise and contacts that were not available to law-abiding citizens.

Foreign citizens with criminal backgrounds were also used by the CIA in two other cases that we have reviewed. In the development of the Executive Action capability, one foreign national with a criminal background was used to "spot" other members of the European underworld who might be used by the CIA for a variety of purposes, including assassination, if the need should arise. In the Lumumba case, two men with criminal backgrounds were used as field operatives by CIA officers in a volatile political situation in the Congo.

* * *

While we do not find that high Administration officials expressly approved of the assassination attempts, we have noted that certain agency officials nevertheless perceived assassination to have been authorized. Although those officials were remiss in not seeking express authorization for their activities, their superiors were also at fault for giving vague instructions and for not explicitly ruling out assassination. No written order prohibiting assassination was issued until 1972, and that order was an internal CIA directive issued by Director Richard Helms.

TRUJILLO

Immediately following the assassination of Trujillo, there were a number of high-level meetings about the Dominican Republic attended by the policy-makers of the Kennedy Ad-

ministration. All relevant facts concerning CIA and State Department support of the Dominican dissidents were fully known. No directive was issued by the President or the Special Group criticizing any aspect of United States involvement in the Dominican affair. Similarly, there is no record of any action having been taken prohibiting future support or encouragement of groups or individuals known to be planning the assassination of a foreign leader. The meetings and discussion following the Trujillo assassination represent another missed opportunity to establish an administration policy against assassination and may partially account for the CIA's assessment of the Dominican operation as a success a few years later. They may also have encouraged Agency personnel, involved in both the Trujillo and the Castro plots, in their belief that the Administration would not be unhappy if the Agency were able to make Castro disappear. No such claim, however, was made in testimony by any Agency official.

SCHNEIDER

As explained above, there is no evidence that assassination was ever proposed as a method of carrying out the Presidential order to prevent Allende from assuming office. The Committee believes, however, that the granting of *carte blanche* authority to the CIA by the Executive in this case may have contributed to the tragic and unintended death of General Schneider. This was also partially due to assigning an impractical task to be accomplished within an unreasonably short time. Apart from the question of whether any intervention in Chile was justified under the circumstances of this case, the Committee believes that the Executive in any event should have defined the limits of permissible action.

CASTRO

The efforts to assassinate Fidel Castro took place in an atmosphere of extreme pressure by Eisenhower and Kennedy Administration officials to discredit and overthrow the regime. Shortly after Castro's ascendancy to power, Allen Dulles directed that "thorough consideration" be given to the "elimination" of Castro. Richard Helms recalled that:

I remember vividly [that the pressure] was very intense. And therefore, when you go into the record, you will find a lot of nutty schemes there and those nutty schemes were borne of the intensity of the pressure. And we were quite frustrated.

Bissell recalled that:

During that entire period, the Administration was extremely sensitive about the defeat that had been inflicted, as they felt, on the U.S. at the Bay of Pigs, and were pursuing every possible means of getting rid of Castro.

Another CIA official stated that sometime in the fall of 1961 Bissell was:

. . . chewed out in the Cabinet Room in the White House by both the President and the Attorney General for, as he put it, sitting on his ass and not doing anything about getting rid of Castro and the Castro Regime.

General Lansdale informed the agencies cooperating in Operation MONGOOSE that "you're in a combat situation where we have been given full command." Secretary of Defense McNamara confirmed that "we were hysterical about Castro at the time of the Bay of Pigs and thereafter."

Many of the plans that were discussed and often approved contemplated violent action against Cuba. The operation which resulted in the Bay of Pigs was a major paramilitary onslaught that had the approval of the highest government officials, including the two Presidents. Thereafter, Attorney

General Kennedy vehemently exhorted the Special Group (Augmented) that "a solution to the Cuban problem today carried top priority . . . no time, money, effort—or manpower is to be spared."¹ Subsequently, Operation MONGOOSE involved propaganda and sabotage operations aimed toward spurring a revolt of the Cuban people against Castro. Measures which were considered by the top policymakers included incapacitating sugar workers during harvest season by the use of chemicals; blowing up bridges and production plants; sabotaging merchandise in third countries—even those allied with the United States—prior to its delivery to Cuba; and arming insurgents on the island. Programs undertaken at the urging of the Administration included intensive efforts to recruit and arm dissidents within Cuba, and raids on plants, mines, and harbors. Consideration and approval of these measures may understandably have led the CIA to conclude that violent actions were an acceptable means of accomplishing important objectives.

Discussions at the Special Group and NSC meetings might well have contributed to the perception of some CIA officials that assassination was a permissible tool in the effort to overthrow the Castro Regime. At a Special Group meeting in November 1960, Undersecretary Merchant inquired whether any planning had been undertaken for "direct positive action" against Che Guevara, Raul Castro, and Fidel Castro. Cabell replied that such a capability did not exist, but he might well have left the meeting with the impression that assassination was not out of bounds. Lansdale's plan, which was submitted to the Special Group in January 1962, aimed at inducing "open revolt and overthrow of the Communist regime." Included in its final phase an "attack on the cadre of the regime, including key leaders." The proposal stated that "this should be a 'Special Target' operation . . . Gangster elements might provide the best recruitment potential against police . . ." Although Lansdale's proposal was shelved, the type of aggressive action contemplated was not formally ruled out. Minutes from several Special Group meetings contain language such as "possible removal of Castro from the Cuban scene."

On several occasions, the subject of assassination was discussed in the presence of senior Administration officials. Those officials never consented to actual assassination efforts, but they failed to indicate that assassination was impermissible as a matter of principle.

In early 1961, McGeorge Bundy was informed of a CIA project described as the development of a capability to assassinate. Bundy raised no objection and, according to Bissell, may have been more affirmative.² Bissell stated that he did not construe Bundy's remarks as authorization for the underworld plot against Castro that was underway. But the fact that he believed that the development of an assassination capability had, as he subsequently told Harvey, been approved by the White House, may well have contributed to the general perception that assassination was not prohibited.³

¹ The Attorney General himself took a personal interest in the recruitment and development of assets within Cuba, on occasion recommending Cubans to the CIA as possible recruits and meeting in Washington and Florida with Cuban exiles active in the covert war against the Castro government.

² The Inspector General's Report states that Harvey's notes (which no longer exist) quoted Bissell as saying to Harvey, "The White House has twice urged me to create such a capability."

³ Bundy, as the National Security Advisor to the President, had an obligation to tell the President of such a grave matter, even though it was only a discussion of a capability to assassinate. His failure to do so was a serious error.

Documents received by the Committee indicate that in May 1961, Attorney General Kennedy and the Director of the FBI received information that the CIA was engaged in clandestine efforts against Castro which included the use of Sam Giancana and other underworld figures. The various documents referred to "dirty business," "clandestine efforts," and "plans" which were still "working" and might eventually "pay off." The Committee is unable to determine whether Hoover and the Attorney General ever inquired into the nature of the CIA operation, although there is no evidence that they did so inquire. The Committee believes that they should have inquired, and that their failure to do so was a dereliction of their duties.

Documents indicate that in May 1962, Attorney General Kennedy was told that the CIA had sought to assassinate Castro prior to the Bay of Pigs. According to the CIA officials who were present at the briefing, the Attorney General indicated his displeasure about lack of consultation rather than about the impropriety of the attempt itself. There is no evidence that the Attorney General told the CIA that it must not engage in assassination plots in the future.

At a meeting of the Special Group (Augmented) in August 1962, well after the assassination efforts were underway, Robert McNamara is said to have raised the question of whether the assassination of Cuban leaders should be explored, and General Lansdale issued an action memorandum assigning the CIA the task of preparing contingency plans for the assassination of Cuban leaders. While McCone testified that he had immediately made it clear that assassination was not to be discussed or condoned, Harvey's testimony and documents which he wrote after the event indicate that Harvey may have been confused over whether McCone had objected to the use of assassinations, or whether he was only concerned that the subject not be put in writing. In any event, McCone went no further. He issued no general order banning consideration of assassination within the Agency.

One of the programs forwarded to General Lansdale by the Defense Department in the MONGOOSE program was entitled "Operation Bounty" and envisioned dropping leaflets in Cuba offering rewards for the assassination of Government leaders. Although the plan was vetoed by Lansdale, it indicates that persons in agencies other than the CIA perceived that assassination might be permissible.

While the ambivalence of Administration officials does not excuse the misleading conduct by agency officials or justify their failure to seek explicit permission, this attitude displayed an insufficient concern about assassination which may have contributed to the perception that assassination was an acceptable tactic in accomplishing the Government's general objectives.

Moreover, with the exception of the tight guidelines issued by the Special Group (Augmented) concerning Operation MONGOOSE, precise limitations were never imposed on the CIA requiring prior permission for the details of other proposed covert operations against Cuba.

No general policy banning assassination was promulgated until Helms's intra-agency order in 1972. Considering the number of times the subject of assassination had arisen, Administration officials were remiss in not explicitly forbidding such activity.

The Committee notes that many of the occasions on which CIA officials should have informed their superiors of the assassination efforts but failed to do so, or did so in a misleading manner, were also occasions on which Administration officials paradoxically may have reinforced the perception that assassination was permissible.

For example, when Bissell spoke with Bundy about an Executive Action capability, Bissell failed to indicate that an actual assassination operation was underway, but Bundy failed to rule out assassination as a tactic.

In May 1962, the Attorney General was misleadingly told about the effort to assassinate Castro prior to the Bay of Pigs, but not about the operation that was then going on. The Attorney General, however, did not state that assassination was improper.

When a senior administration official raised the question of whether assassination should be explored at a Special Group meeting, the assassination operation should have been revealed. A firm written order against engaging in assassination should also have been issued by McCone if, as he testified, he had exhibited strong aversion to assassination. ■

* * *

BOOK REVIEWS

(Continued from page 78)

This is a new monograph in the Studies in Latin American Business Series, published by the University of Texas. It points out that the development of the Puerto Rican economy in the last two decades provides a unique model of central planning within a fully open economy. The background of Operation Bootstrap is outlined and the roles of public and private investment and of the labor force are examined. The authors point out that the "Puerto Rican economy has been transformed from a traditional agrarian system into an increasingly industrial urban society. . . . The industrialization program has been successful in many respects. Capital has flowed into Puerto Rico, over eighteen hundred factories have been constructed, and a stable, increasingly productive labor force has been created. . . ."

Mary M. Anderberg

ALSO ON LATIN AMERICA

CUBA IN THE 1970's. PRAGMATISM AND INSTITUTIONALIZATION. By CARMELO MESA-LAGO. (Albuquerque: University of New Mexico Press, 1974. 152 pages, notes and index, \$3.95.)

FROM CORTÉS TO CASTRO. AN INTRODUCTION TO THE HISTORY OF LATIN AMERICA. By SIMON COLLIER. (New York: Macmillan Publishing Co., Inc., 1974. 410 pages acknowledgments, preface, postscript, maps and index, \$12.95.)

INTERVENTION OR ABSTENTION. THE DILEMMA OF AMERICAN FOREIGN POLICY. EDITED BY ROBIN HIGHAM. (Lexington, Kentucky: The University of Kentucky Press, 1975. 221 pages, \$14.75.)

MASSACRE IN MEXICO. By ELENA PONIATOWSKA. Translated from the Spanish by Helen R. Lane. (New York: The Viking Press, 1975. 333 pages, illustrations, \$12.50.)

THE POPULATION OF LATIN AMERICA. A HISTORY. By NICOLÁS SÁNCHEZ-ALBORNOZ. Translated by W. A. R. Richardson. (Berkeley: University of California Press, 1974. 261 pages, preface, illustrations, tables, bibliography and index, \$3.95, paper.) See *Current History*, January, 1975, p. 37 for review.

THE RISE AND DECLINE OF FIDEL CASTRO. By MAURICE HALPERIN. (Berkeley: University of California Press, 1975. 392 pages, preface, illustrations and index, \$3.95, paper.)

SOUTH AMERICA. PROBLEMS AND PROSPECTS. The Reference Shelf, Volume 47, No. 2. EDITED BY IRWIN ISENBERG. (New York: The H. W. Wilson Company, 1975. 178 pages, preface and bibliography, \$5.25.)

THE UNITED STATES AND CHILE: IMPERIALISM AND THE OVERTHROW OF THE ALLENDE GOVERNMENT. By JAMES PETRAS AND MORRIS MORLEY. (New York: Monthly Review Press, 1975. 161 pages, appendix, notes, \$10.95.)

THE UNITED STATES AND LATIN AMERICA. AN HISTORICAL ANALYSIS OF INTER-AMERICAN RELATIONS. By GORDON CONNELL-SMITH. (New York: John Wiley & Sons, 1974. 287 pages, preface, introduction and index, \$16.75.)

MISCELLANY

BLACK STAR: A VIEW OF THE LIFE AND TIMES OF KWAME NKRUMAH. By BASIL DAVIDSON. (New York: Praeger Publishers, 1974. 225 pages and index, \$7.95.)

African historian Basil Davidson draws on his wide knowledge of historical and modern Africa to depict the life of Kwame Nkrumah, the first Prime Minister of Ghana.

AFRICA IN HISTORY. By BASIL DAVIDSON. (New York: Macmillan Publishing Co., Inc., 1974. 341 pages, bibliography and index, \$6.95, cloth; \$2.95, paper.)

This new revised edition of a 1968 work by Davidson is the story of Africa from earliest times to the present and is a highly readable and scholarly work.

THE MONTH IN REVIEW

A CURRENT HISTORY chronology covering the most important events of December, 1975, to provide a day-by-day summary of world affairs.

INTERNATIONAL

Conference on International Economic Cooperation

Dec. 16—The foreign ministers of 27 nations open a Conference on International Economic Cooperation in Paris; French President Valéry Giscard d'Estaing says the meeting will "mark the first date when global problems enter the collective consciousness of humankind."

European Economic Community (EEC)

Dec. 2—In Rome, the leaders of the 9 EEC nations agree to establish common passports for all EEC citizens in 1978; 7 of the 9 leaders agree to hold direct elections for members of the European Parliament on the same day in May or June of 1978. The British and the Danes will probably continue to appoint their delegates to the Parliament.

International Terrorism

Dec. 2—in Beilen, the Netherlands, terrorists advocating the independence of the Indonesian island of South Molucca hijack a train, kill 2 people, and take 50 hostages. They are demanding air passage to an unknown destination.

Dec. 4—in Amsterdam, 7 Moluccan terrorists seize the Indonesian consulate and hold 30 people captive.

Dec. 14—in Beilen, the terrorists release the remaining hostages and surrender to the police, who have not met their demands.

Dec. 19—in Amsterdam, the 7 Moluccan terrorists surrender peacefully to the police after releasing the remaining hostages. The police did not agree to their demands.

Dec. 21—5 men and 1 woman, pro-Palestine guerrillas, break into an OPEC meeting in Vienna and seize hostages, including Saudi Arabian Oil Minister Sheik Ahmed Zaki Yamani.

Dec. 23—the terrorists free their last hostage in Algiers airport, after vainly seeking asylum in other Middle East countries. Allegedly members of the Arm of the Arab Revolution, the terrorists killed 3 in the attack on OPEC's Vienna headquarters; they took 41 hostages with them, including 10 oil ministers, releasing 40 of them before leaving for Algiers in an Austrian Airline DC-9 on December 22.

Dec. 29—at La Guardia Airport in New York City, a bomb explodes in the terminal building. It is estimated that 11 people have been killed and 75 wounded.

In Algiers, the Algerian government grants asylum to the 6 political terrorists who held hostage the OPEC officials.

Middle East

(See also *Intl Terrorism, U.N.*)

Dec. 2—Following a 3½-month bombing lull, Israeli planes strafe Palestinian camps in northern and southern Lebanon. The Lebanese report that 75 people have been killed and 120 injured; this is the heaviest toll reported in 18 months.

Dec. 23—in Damascus, Lebanese Prime Minister Rashid Karami meets with Syrian President Hafez al-Assad to discuss the continuing crisis in Lebanon.

Dec. 25—Saudi Arabian King Khalid confers in Damascus with President Assad of Syria. Khalid met with King Hussein of Jordan yesterday in Jordan.

The policy-making body of the Palestine Liberation Organization (PLO) concludes 2 days of discussion in Beirut.

Dec. 27—Khalid returns to Saudi Arabia after meeting with PLO leader Yasir Arafat in Damascus, Syria, on December 26.

Organization of Petroleum Exporting Countries (OPEC)

(See *Intl Terrorism*)

United Nations

(See also *Israel*)

Dec. 2—Chief Israeli delegate to the United Nations Chaim Herzog tells the General Assembly that Israel is prepared to negotiate on the Middle East: "In such negotiations all parties will be free to make whatever proposals they wish to make." Herzog does not rule out eventual contact with the Palestine Liberation Organization.

Dec. 3—at the request of Lebanon and Egypt, the Security Council meets to discuss Israeli air attacks on Lebanese PLO camps; Egypt also requests PLO representation at the 15-member Security Council meeting.

Dec. 4—Since the veto power of the 5 permanent members of the Security Council does not extend to procedural matters, the Council votes 9 to 3 (with 3 abstentions) to invite the PLO to take part in the debate on Israeli air raids on Lebanon. Britain, Costa Rica and the United States vote against the motion.

Dec. 5—Concluding a 5-day Middle East debate, the General Assembly votes 84 to 17, with 27 abstentions, to condemn the "continued occupation of Arab territories" by Israel.

Dec. 8—A resolution condemning Israel for air raids on Palestinian targets in Lebanon is vetoed in the Security Council by the United States because the resolution does not mention Arab violence against Israel.

Dec. 10—After 2 days of debate, 7 African nations withdraw an amendment that condemned South African military intervention in Angola while failing to mention Cuban and Russian involvement; it was clear that the approval of the Assembly could not be obtained for the amendment.

Dec. 17—the 30th General Assembly ends a 3-month session.

Dec. 18—in protest against an anti-Israeli clause in a resolution adopted at a UNESCO conference in Paris, 12 nations, including the United States, Canada, Australia and the Common Market members, withdraw from the meeting.

Dec. 20—the Security Council approves a resolution calling

on Indonesia to withdraw her military forces in Portuguese Timor; the forces moved into Timor earlier this month allegedly to protect Indonesian security.

Warsaw Conference

Dec. 8—Communist Party First Secretaries of the Soviet bloc countries meet in Warsaw at the 7th congress of the Polish United Workers' party, the 1st Polish congress held in 4 years.

Dec. 9—Soviet Communist Party Secretary Leonid I. Brezhnev addresses the party conference.

ANGOLA

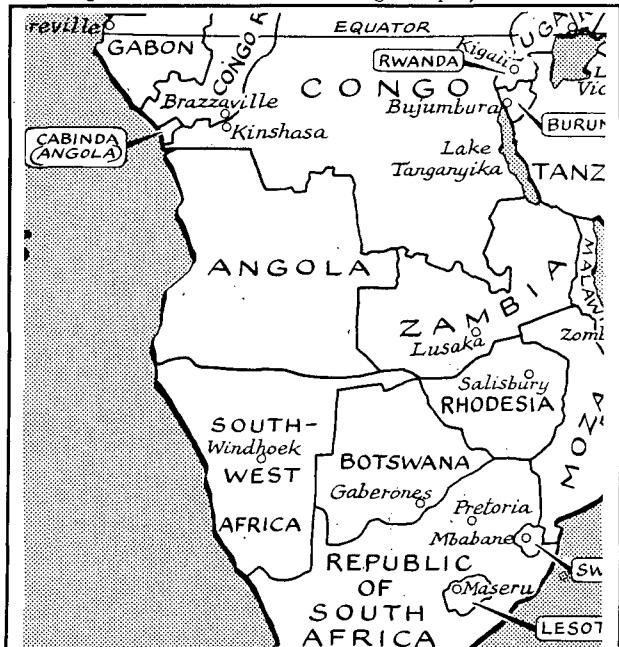
(See also *Intl., U.N.; U.S., Foreign Policy*)

Dec. 7—Fighting continues between the National Front for the Liberation of Angola, headquartered in Huambo, and the Soviet- and Cuban-backed Popular Movement for the Liberation of Angola, headquartered in Luanda. The Popular Movement's troops have pushed more than 50 miles up the coast from Luanda.

Dec. 11—In Washington, D.C., a U.S. government official reveals that the U.S. has sent \$25 million in arms and support funds to Angola over the last 3 months to counter Soviet and Cuban intervention. An additional \$25 million is scheduled to be sent.

Dec. 18—In Lagos, 2 South African soldiers are taken prisoner and put on display as evidence of that country's involvement in the Angolan civil war.

Dec. 22—In compliance with a U.S. State Department order, the U.S. Gulf Oil Corporation suspends operations in Angola and withdraws its foreign employees.



ARGENTINA

Dec. 2—It is reported that in Tucuman province 11 terrorists have been killed in the last 2 days as the armed forces intensify their campaign to "exterminate" left-wing terrorists.

Dec. 4—President Isabel Martínez de Perón holds an emergency meeting of the National Defense Council to consider ways to deal with the upsurge in political terrorism.

Dec. 10—In Buenos Aires, an air force general and his bodyguard are wounded by left-wing terrorists.

Dec. 11—A federal court judge rules that former Minister

of Social Welfare José López Rega must return from Spain to testify on charges of corruption in the Perón administration. President Perón has also been accused of corruption.

Dec. 17—The Cabinet announces its decision to hold general elections for President, Congress and a constitutional assembly on October 17, 1976.

Dec. 18—Right-wing Air Force officers take control of 2 air bases to protest President Perón's government.

Dec. 19—In a Cabinet session, the commanders of the 3 branches of the armed forces ask President Perón to resign or face a military revolt.

Dec. 20—Government planes strafe the bases that are under rebel control.

Dec. 21—The rebellious officers end their revolt and leave the air bases. Commanding General of the Army Jorge Rafael Videla refuses to support the rebels' demand for the resignation of Perón but agrees that there is corruption and incompetence in Perón's administration.

Dec. 24—Government soldiers kill 45 left-wing guerrillas who were trying to storm an arsenal outside Buenos Aires.

Dec. 25—Franz Metz, the West German Mercedes Benz manager in Argentina, is freed by the leftist guerrillas who took him prisoner on October 24.

Dec. 26—The army refuses the Perón government's order to remove Victorio Calabro, the governor of Buenos Aires province, from office.

Dec. 27—An army communication base near La Plata is attacked by guerrillas.

Dec. 29—In Buenos Aires, it is reported that Roberto Quieto, leader of the Montoneros (the left-wing Peronist guerrilla group), has been arrested by federal police.

Dec. 30—President Perón agrees to remove the rank of ambassador extraordinaire from one-time strongman José López Rega.

Dec. 31—A federal judge rules that Perón is not criminally liable for depositing a \$700,000 check from a public charity in the estate of her husband, Juan Domingo Perón.

AUSTRALIA

Dec. 13—National elections are held to elect representatives to the House and Senate.

Dec. 14—In yesterday's elections, the conservative Liberal party wins a majority of seats in the House of Representatives and the Senate. Malcolm Fraser, the caretaker Prime Minister, becomes Prime Minister.

Dec. 18—Prime Minister Malcolm Fraser restructures his administration and names a 24-member Cabinet to head the new departments.

BRAZIL

Dec. 6—In a document smuggled out of prison, 35 political prisoners accuse prison officials of torturing to death at least 55 inmates since 1969.

CANADA

Dec. 2—Members of the Postal Workers' Union vote to end their 43-day postal strike.

Dec. 18—Jean Chrétien, president of the Treasury Board, announces a \$1.5-billion cutback in government spending under the new anti-inflation program.

CHILE

Dec. 18—In a Christmas gesture, President Augusto Pinochet releases 165 political prisoners, including 5 priests.

Dec. 30—On her release from prison, Sheila Cassidy, British

surgeon, accuses the government of promoting torture and "uncivilized, brutal treatment." She was in jail for 59 days because she aided a wounded man accused of being a leftist guerrilla.

CHINA

Dec. 1—U.S. President Gerald Ford arrives in Peking for a 5-day visit.

Dec. 5—In a gesture of goodwill, the government announces that it will return the ashes of 2 U.S. pilots shot down over China during the Vietnam war.

Dec. 14—The government signs a contract with the Rolls-Royce Company of Great Britain to produce an advanced Rolls jet engine. The agreement is estimated to be worth \$160 million.

Dec. 17—Hsinhua, the official press agency, announces the launching of China's 5th earth satellite.

Dec. 23—The government releases the remaining 70 former Nationalist leaders; they were captured in 1949 when the Communists took control of China.

Dec. 24—Chinese scientists report the successful construction of China's first atomic clock.

Dec. 27—The government releases a Soviet helicopter and its crew of 3, who were captured after straying over the Soviet-Chinese border in 1974.

CUBA

(See also *Angola; U.S., Foreign Policy*)

Dec. 17—In Havana, Prime Minister Fidel Castro addresses the opening session of the 1st Cuban Communist party congress. The congress is to approve the country's 1st constitution and the 1st 5-year development plan since the 1959 revolution.

Dec. 27—The government ends voluntary sugar rationing, which started in late 1974.

EGYPT

(See also *Intl, U.N.*)

Dec. 10—French President Valéry Giscard d'Estaing arrives in Cairo for a 5-day state visit.

Dec. 13—The Soviet government announces that it will not reschedule payment of the Egyptian debt, incurred during the 1973 Middle East war. The debt is estimated at \$6 billion.

Dec. 14—In a joint communiqué in Cairo, it is announced that France will help Egypt establish her own armaments industry.

ETHIOPIA

Dec. 6—The government ends the 9-week state of emergency imposed on Addis Ababa.

FRANCE

(See *Intl, Conference on Intl Economic Cooperation; Egypt; Laos*)

GERMANY, FEDERAL REPUBLIC OF (West)

Dec. 15—A former close associate of former Chancellor Willy Brandt, Günter Guillaume and his wife, Christel, are found guilty of treason and sentenced to 13 years in prison.

INDIA

Dec. 8—The Cabinet approves 3 executive ordinances giving the government power to ban the publication of any-

thing it considers objectionable, removing the immunities on press coverage of Parliament, and abolishing the 9-year old Press Council.

Dec. 19—In Bombay, Mohan Dharia, a former Cabinet minister and outspoken critic of the government, is reportedly arrested.

Dec. 29—The government calls for an extension of the 6-month-old state of emergency. It is also announced that the parliamentary elections scheduled for 1976 will be postponed for a year.

INDONESIA

(See also *Intl, Intl Terrorism, U.N.; U.S., Foreign Policy*)

Dec. 7—Indonesian marines and paratroopers land in Portuguese Timor and take over the capital, Dili. Timor's ruling leftist Revolutionary Front for an Independent East Timor (Fretilin) offers no resistance and flees to the hills.

Dec. 8—In Jakarta, Indonesian Foreign Minister Adam Malik claims that Indonesian troops entered Portuguese Timor at the request of anti-Fretilin forces already in control of Dili.

In Lisbon, the Portuguese government breaks diplomatic relations with Indonesia.

ISRAEL

(See also *Intl, Middle East, U.N.*)

Dec. 1—In Jerusalem, after a 6-hour debate, the Cabinet votes to boycott next month's debate in the U.N. Security Council on the Middle East. The Cabinet approves a 6-month extension of the U.N. peace-keeping forces in the Golan Heights. However, it reaffirms its previous decision not to negotiate with the Palestine Liberation Organization.

Dec. 9—An outspoken Arab nationalist, Toufik Zayad, is elected mayor of Nazareth, the largest Arab town in Israel.

JAPAN

Dec. 4—800,000 government workers call off an illegal 8-day strike and return to work.

KOREA, REPUBLIC OF (South)

Dec. 13—Kim Dae Jung, opposition leader and government critic, is sentenced to 1 year in prison and fined \$100 for violating the country's election laws in 1971. The court suspends his fine and does not order his arrest.

Dec. 19—President Chung Hee Park accepts the resignation of Prime Minister Kim Jong Pil and appoints Foreign Minister Choi Kyu as acting Prime Minister.

Dec. 27—In a Cabinet meeting, President Chung Hee Park orders accelerated moves against corruption in 1976.

KUWAIT

Dec. 1—The government pays the Gulf Oil Corporation and the British Petroleum Company \$50.5 million for their 40 percent share of the Kuwait Oil Company. The government is now the sole owner.

LAOS

Dec. 3—In Vientiane, the Pathet Lao announces the abdication of King Savang Vatthana. A people's congress votes to end the 600-year-old monarchy and establish a people's democratic republic. Prime Minister Prince Souvanna Phouma, leader of the coalition government, submits his resignation.

A new government is announced. Kaysone Phomvihan becomes Prime Minister. (He remains the secretary gen-

eral of the Laos People's Party, which controls the Pathet Lao.) Prince Souphanouvong is President; Neuhak Phoumsavan is First Deputy Prime Minister; and Sisana Sisan is Minister of Propaganda and Information.

Dec. 20—The French government turns over its military mission to the new Laotian government. For the last 2 decades, France has trained soldiers in the Royal Laotian Army.

LEBANON

(See also *Intl, Middle East, U.N.*)

Dec. 6—in Beirut, according to police reports, in one day more than 200 people have been kidnapped; 44 have been murdered.

Dec. 7—in the wake of the recent outbreak of violence, the government orders a 24-hour curfew. At least 103 people have been reported killed in the last 2 days.

Dec. 10—the government orders its troops to separate Christian and Muslim factions fighting in Beirut. This is the 1st instance in which government troops have been used to quell the violence.

Dec. 12—Beirut radio announces the city's 15th cease-fire in 2 months. Fighting continues throughout the city, spreading to the luxury hotel district; the St. Georges Hotel is destroyed by fire.

Dec. 14—the 16th cease-fire is proclaimed. Yasir Arafat, leader of the Palestine Liberation Organization, is negotiating for the Muslim faction.

Dec. 18—Sheik Kassem al-Imad, Muslim governor of North Lebanon, is shot and killed outside his home.

MALAGASY REPUBLIC

Dec. 21—in today's referendum on his leadership, President of the Supreme Council of the Revolution Didier Ratsiraka receives more than 90 percent of the vote.

MEXICO

Dec. 30—as a result of the government's controversial vote in the U.N. Security Council supporting the anti-Zionists, Foreign Minister Emilio O. Rabasa resigns; Alfonso Garcia is named to replace him.

MOZAMBIQUE

Dec. 19—After 2 days of street fighting in Lourenço Marques, the government announces that it has successfully put down an attempted coup staged by some 400 soldiers and police.

POLAND

(See also *Intl, Warsaw Conference*)

Dec. 12—the Polish Communist party reelects Edward Gierek as its First Secretary.

PORtUGAL

Dec. 2—President Francisco da Costa Gomes declares an end to the state of seige in the Lisbon military region. Government troops have successfully put down an attempted leftist coup.

Dec. 3—the High Council nationalizes the television network and all private radio stations except Radio Renascença, which is being returned to the Roman Catholic Church. It has been "illegally occupied" by Communist supporters since May.

Dec. 10—the government establishes administrative boards

to oversee the 6 state-owned Lisbon newspapers that were closed during the attempted coup November 25. 2 newspapers will be closed permanently.

Dec. 12—the military council announces new regulations for the armed forces. Under the reorganization, emphasis will be placed on military discipline and the exclusion from party politics of all soldiers.

Dec. 13—the government agrees to give the Atlantic island groups of the Azores and Madeira greater regional autonomy.

Dec. 16—Joaquin da Silva Cunha, defense minister during the right-wing dictatorship, is released from jail; he has been held for 14 months without charges.

Dec. 20—Prime Minister José Pinheiro de Azevedo announces the 1st part of an austerity program, including fiscal and financial reforms and new foreign investment regulations.

Portuguese Territories

PORtUGUESE TIMOR

(See *Indonesia*)

RHODESIA

Dec. 11—Prime Minister Ian Smith and nationalist leader Joshua Nkomo agree to begin talks on the country's constitution on December 15.

SAUDI ARABIA

(See *Intl, Intl Terrorism, Middle East*)

SOUTH AFRICA

(See also *Angola*)

Dec. 17—Defense Minister Pieter W. Botha claims that 4 South African soldiers have been captured in Angola by "Russian-armed gangs." This is the 1st government admission that there are South African troops in Angola.

SPAIN

Dec. 2—Military units are reported to be withdrawing from the Spanish Sahara.

King Juan Carlos I names an extreme rightist, Torcuato Fernández Miranda, to be Speaker of Parliament and Chairman of the Council of the Realm.

Dec. 5—King Juan Carlos asks Carlos Arias Navarro to remain as Prime Minister.

Dec. 7—Dissident labor leader Marcelino Camacho Abad, who was just released from jail, is rearrested.

Dec. 11—Prime Minister Navarro names a 17-member Cabinet. Only 3 men from the previous Cabinet are retained.

Dec. 12—the government releases Marcelino Camacho unconditionally.

SYRIA

(See *Intl, Middle East*)

U.S.S.R.

(See also *Angola; Egypt; U.S., Foreign Policy*)

Dec. 2—Government officials disclose that the grain harvest for 1975 is about one-third less than planned.

Dec. 10—in Stockholm, the wife of Nobel Prize-winning physicist Andrei Sakharov receives the prize for her husband, who was not permitted to leave the Soviet Union.

Dec. 12—Sergei A. Kovalev, a biologist and colleague of Sakharov, is sentenced to 7 years in a labor camp on charges of indulging in anti-Soviet activities.

Dec. 14—The government makes public its new 5-year plan; it emphasizes an increase in worker productivity and heavy industry.

Dec. 26—The U.S.S.R.'s Tupolev-144 airliner flies on a 5,000-mile round trip between Moscow and Alma Ata; this is the first regularly scheduled mail-and-freight flight of a supersonic airliner.

UNITED KINGDOM

Great Britain

(See also *China*)

Dec. 1—Senior hospital physicians join the slowdown protest against the National Health Service that began November 27.

Dec. 4—Prime Minister Harold Wilson names a Scot, John Smith, as a minister of state, to head a ministry concerned with North Sea oil operations.

Margaret Thatcher is reelected leader of the Conservative party.

Dec. 5—The government announces that it will no longer detain political prisoners in Northern Ireland without trial.

Dec. 11—Voting 361 to 232, the House of Commons defeats a bill that would have restored the death penalty for acts of terrorism that cause a loss of life.

Dec. 12—in London, IRA terrorists release 2 hostages held since December 7; the terrorists surrender to the police.

Dec. 16—Parliament votes 285 to 260 to approve Prime Minister Wilson's proposal to keep the U.S. Chrysler Corporation's British factories in operation.

Dec. 17—Prime Minister Wilson accuses Irish-American supporters of providing "most of the modern weapons now reaching the terrorists in Northern Ireland . . . possibly as much as 85 percent of them. . . . They are bought in the United States and they are bought with American-donated money."

The government announces an import control policy that seriously affects trade with Spain and Portugal.

Dec. 18—Parliament votes to spend more than \$335 million over the next 4 years to keep the Chrysler Corporation's British factories in production.

Dec. 29—The Equal Pay Act, guaranteeing equal pay for equal work regardless of sex, and the Sex Discrimination Act, outlawing other forms of discrimination, go into effect.

UNITED STATES

Administration

Dec. 1—David K. E. Bruce, U.S. representative to the North Atlantic Treaty Organization (NATO), will retire from his post at the end of January, according to a Foreign Service spokesman in Brussels.

Dec. 7—President Gerald Ford appoints Thomas C. Reed as secretary of the air force, succeeding John L. McLucas.

Dec. 8—The U.S. Railway Association, the federal agency in charge of reorganizing the bankrupt northeast railroads, sues in a court of appeals to prevent the bankrupt Penn Central, Lehigh Valley, Ann Arbor, Central of New Jersey, and Reading railroads from selling any of their properties designated by the government for transfer to Consolidated Rail Corporation (Conrail). The Erie Lackawanna, the Lehigh, and Hudson River railroads are not specifically cited but are covered by the suit.

Dec. 10—Robert D. Timm, a former chairman of the Civil Aeronautics Board (CAB), resigns from the board at the request of the White House.

Dec. 12—in federal court in San Francisco, Sara Jane

Moore enters a plea of guilty to a charge of firing a shot at President Ford on September 22.

Dec. 16—in federal court in San Francisco, Judge Samuel Conti accepts Sara Moore's plea of guilty of attempting to assassinate President Ford.

Federal district court Judge John J. Sirica issues a permanent injunction against scheduled postal rate increases. A Postal Service spokesman says the ruling will be appealed.

Dec. 17—in Sacramento, Lynette Alice Fromme is sentenced to life imprisonment by federal district court Judge Thomas J. McBride for attempting to kill President Ford in Capitol Park, Sacramento, on September 5.

Dec. 23—Upon petition of the U.S. Railway Association, a special 3-judge panel in Washington, D.C., enjoins 7 bankrupt northeastern railroads from selling or transferring rail properties (with minimal exceptions) that the government plans to include in Conrail.

Dec. 29—the Court of Appeals for the District of Columbia lifts a lower court injunction and allows the Postal Service to raise postal rates. The cost of mailing a first class letter will increase from 10 cents to 13 cents, effective December 31.

Civil Rights

Dec. 3—the Census Bureau reports that entering classes of college freshmen in the U.S. in 1975 were 12.3 percent black; in 1974, blacks made up 11.4 percent of the total population.

Dec. 9—Federal district court Judge W. Arthur Garrity, Jr., places South Boston High School in federal receivership, thus removing the school from the control of the school committee and placing it under the direction of a court-appointed officer directly responsible to Judge Garrity.

Dec. 10—in its 1st day under court supervision, new acts of violence flare up in South Boston High School.

Dec. 12—Almost all white students boycott South Boston High School to protest the court order placing it in receivership and transferring its headmaster.

Economy

(See also *Legislation*)

Dec. 5—the Labor Department announces that the nation's unemployment rate declined slightly in November to 8.3 percent, down from 8.6 percent in October.

Dec. 15—the Ford Motor Company raises prices on its 1976 cars an average of 2.2 percent; the company raised prices on 1976 models by an average of 5 percent in September.

Dec. 18—the Commerce Department reports that the nation's gross national product (GNP) increased at an annual rate of 13.4 percent in the 3d quarter of 1975.

Dec. 24—the Department of Commerce reports a foreign trade surplus of \$1.1 billion in November, and a \$10.6-billion surplus for the 1st 11 months of 1975.

Foreign Policy

(See also *Intl.; U.N.; Angola; China; U.S.S.R.*)

Dec. 1—President Gerald Ford arrives in Peking. At a state dinner hosted by China's Deputy Prime Minister Teng Hsiao-ping, President Ford says that he will continue to seek détente with the U.S.S.R. cautiously, balancing "strength, vigilance and firmness" in a search for "new opportunities for peace without illusions." Teng declares that "rhetoric about détente" cannot conceal the

danger of appeasement of the U.S.S.R. in the name of détente.

Dec. 2—The United States announces that in a note to the U.S.S.R., the U.S. is proposing that the 2 countries join in convening a preparatory meeting in Geneva before a new Middle East peace conference; this preparatory meeting may decide whether to invite the PLO. The note was formally conveyed to Moscow December 1.

Dec. 3—in an appearance before the Senate Foreign Relations Committee, former Secretary of Defense James R. Schlesinger urges caution in the U.S. approach toward détente with the U.S.S.R.

President Gerald Ford meets with China's Chairman Mao Tse-tung for almost 2 hours.

Dec. 5—President Ford leaves China for Indonesia after 4 days of meetings with Chinese officials that reportedly led to further understanding of mutual interests.

Dec. 6—in Jakarta, President Ford assures the Indonesian government of "America's continuing interest in your [Indonesia's] security and well-being," and of the U.S. commitment to the "peace and security of Southeast Asia."

Dec. 7—On his way to Hawaii, President Ford stops in Manila for short discussions with Philippine President Ferdinand E. Marcos.

In an address in Honolulu on his return from the Far East, President Ford announces a "new Pacific Doctrine": "I subscribe to a Pacific Doctrine of peace with all and hostility toward none." The doctrine is a restatement of existing U.S. policies.

Dec. 8—U.S. delegate to the U.N. Daniel P. Moynihan charges in the General Assembly that the Soviet involvement in Angola and Somalia is an "effort to recolonize" that continent; he denounces Cuba for supplying fighting forces in Africa.

Dec. 9—Secretary of State Henry A. Kissinger postpones a trip to the Soviet Union that had been set tentatively for December 18-20.

Dec. 11—in remarks to the North Atlantic Council in Brussels, Kissinger reportedly criticizes Soviet armament and interventionist policies; he concludes that economics will eventually bring the U.S.S.R. to détente.

Dec. 12—in Brussels, Kissinger and Turkey's Foreign Minister Ihsan Sabri Caglayangil reach an agreement in principle that could lead to the reopening of U.S. bases in Turkey.

Speaking to the NATO foreign ministers in Brussels, Kissinger says that the U.S. favors a situation in Angola where all parties in Angola can negotiate without outside interference; if that is impossible, the "United States will try to prevent one party, by means of massive introduction of outside equipment, from achieving dominance."

Dec. 13—*The New York Times* reports that Assistant Secretary of State for African Affairs Nathaniel Davis resigned last August because Kissinger rejected his recommendation that the U.S. look for a diplomatic solution in Angola; instead, the U.S. continued to supply covert aid to 2 Angolan factions.

Dec. 14—the House Select Committee on Intelligence asks the administration to explain its role in Angola, in view of reports that the U.S. has already supplied \$25 million in aid to anti-Soviet factions in Angola and is prepared to supply a similar amount.

Dec. 16—Federal Reserve Board Chairman Arthur Burns urges all member banks "to avoid involvement in restrictive foreign trade practices that discriminate against U.S. citizens or that accommodate boycotts against friendly foreign nations."

According to authoritative administration officials, President Ford has ruled out any form of U.S. combat intervention in Angola; this includes the sending of advisers.

White House spokesman William Greener says President Ford "feels a need for discussion in the Congress of the geopolitical significance of . . . [Angola] to the United States and the West"; the President expresses "serious concern" over "actions taken by the Soviet Union and Cuba in providing large quantities of equipment and men to Angola."

Dec. 17—American and Soviet negotiators at the SALT talks in Geneva recess until January 12, 1976.

According to Senator Hubert Humphrey (D., Minn.), covert U.S. operations in Angola are projected at \$60 million for the current fiscal year.

Dec. 20—the U.S.S.R. formally rejects the United States offer to join in convening a preparatory Middle East peace conference in Geneva.

Dec. 23—Kissinger says that the U.S. will use \$9 million remaining in military aid funds to aid U.S.-favored factions in Angola.

In Athens, Richard S. Welch, the CIA station's chief in Greece, is killed by unidentified gunmen.

Dec. 29—it is announced in Washington, D.C., that Assistant Secretary of State for African Affairs William E. Schaufele was sent to Africa on December 25 to visit 5 friendly countries to win support for a truce in Angola and the withdrawal of all foreign troops.

Legislation

Dec. 2—the House votes 213 to 203 to permit up to \$2.3 billion per year in federal loans to New York City.

Dec. 5—the Senate passes the \$2.3-billion federal loan authorization for New York City and sends the bill to the White House.

Dec. 8—By voice vote, the Senate approves a \$45-billion appropriation for the operating expenses of the Departments of Health, Education and Welfare and Labor through September, 1976; the House approved the bill on December 2. A rider to the bill bans HEW from busing children to achieve racially integrated schools.

Dec. 9—President Ford signs legislation authorizing \$2.3 billion in seasonal loans to New York City.

Dec. 10—the House Select Committee on Intelligence withdraws a recommendation that Secretary of State Henry Kissinger be held in contempt of Congress; Kissinger has failed to provide subpoenaed documents, but the Ford administration is now in "substantial compliance" with the subpoena, according to the committee chairman.

Dec. 12—the Senate Select Committee on Intelligence turns down an offer made November 25 by former President Richard Nixon to testify before the committee; the offer is refused because of the conditions Nixon attached.

President Ford signs legislation repealing the "so-called" fair trade laws, which have permitted price-fixing on many consumer products; the repeal goes into effect in 90 days. The laws were originally passed during the Great Depression nearly 40 years ago.

Dec. 15—Congress passes a bill to expand the picketing rights of construction workers.

Dec. 16—the White House agrees to support compromise legislation that would reimburse cities for costs incurred in protecting foreign diplomats. President Ford vetoed an earlier bill providing for reimbursement in November.

Dec. 17—the House approves the tax cut extension bill; the Senate approved the bill last week. President Ford vetoes the bill.

By a 98-0 vote, the Senate confirms John Paul Stevens as a Justice of the Supreme Court.

Dec. 18—By a 265-157 vote, the House fails to override President Ford's veto of the tax-cut extension bill.

House and Senate conferees agree on a compromise \$6.5-billion to reorganize 7 bankrupt northeast railroads and transfer them into a government-sponsored organization.

Dec. 19—Congress passes a compromise tax-cut extension bill by a voice vote in the Senate and a 372-10 vote in the House; the bill, substantially the same bill the President vetoed on December 17, contains a nonbinding congressional commitment to restrict government spending. This is regarded as an acceptable compromise for the President.

President Ford vetoes the \$45-billion appropriation for the Departments of Labor and Health, Education and Welfare; this is President Ford's 42d veto since becoming President August 9, 1974; all but 7 of his vetoes have been sustained.

By a 54-22 vote, the Senate votes to cut off funds for covert military supply operations in Angola; President Ford deplores the move as "a deep tragedy for all countries whose security depends on the United States."

Congress adjourns.

Dec. 22—President Gerald Ford signs a compromise energy bill that will roll back crude oil prices in an attempt to stabilize gasoline and fuel oil prices for consumers. The new law reduces the price for domestic crude oil from \$8.75 to \$7.66 per barrel, effective February 1, 1976.

The Senate approved the bill by a 58-40 vote on December 17, and the House approved it by a 236-160 vote on December 15.

Dec. 23—President Ford signs the \$18-billion tax-cut extension bill while on vacation in Vail, Colorado.

Military

Dec. 2—Testifying before the House Select Committee on Intelligence, former Chief of Naval Operations Admiral Elmo Zumwalt, Jr., accuses Kissinger of withholding important information about "gross violations" by the U.S.S.R. of the 1972 limitation on strategic arms agreements from the President and the Department of Defense and the Joint Chiefs of Staff.

Dec. 9—House and Senate conferees approve a \$90.5-billion defense budget for the current fiscal year; this is an 8 percent rise over the amount appropriated last December.

The Defense Department informs Congress that it will sell 25 F-15 jet fighters to Israel and that Saudi Arabia has contracted for \$1.8 billion in construction, maintenance and training programs.

Political Scandal

Dec. 1—Appearing before a House Subcommittee on Government Information and Individual Rights, which is investigating Hoover's harassment of the late Martin Luther King, Jr., Helen W. Gandy, the personal secretary of the late FBI Director, J. Edgar Hoover, says that following Hoover's orders she destroyed his personal files and correspondence when he died.

Dec. 3—The Federal Bureau of Investigation releases 29,000 pages of investigative reports in the Julius and Ethel Rosenberg case. The Rosenbergs were executed in 1953 for spying for the U.S.S.R.

Dec. 4—The Central Intelligence Agency releases 894 pages of files relating to the Rosenberg spy case.

The Senate Select Committee on Intelligence issues a 62-page report which says in effect that the CIA encouraged the overthrow of Chilean President Salvador Allende Gossens but that no direct CIA involvement in the 1973 coup in Chile that resulted in Allende's death could be established.

Politics

Dec. 2—The Federal Election Commission rules that a member of Congress may accept regular payments for broadcasting appearances without violating the "statutory" ceiling on honorariums.

Dec. 3—Houston businessman Robert Mosbacher is named by President Ford's campaign committee to head fund-raising operations for the 1976 presidential campaign; he succeeds David Packard.

Dec. 4—After 35 years in Washington, D.C., and 3 terms in the Senate, Hugh Scott (R., Pa.) announces he will not seek reelection to the Senate in 1976.

Dec. 6—The Democratic National Committee announces that the committee and the 10 Democratic party presidential candidates will formally challenge the Federal Elections Commission's ruling that President Ford's political travel in 1975 need not be charged to his 1976 campaign spending ceiling.

Dec. 23—The Federal Election Commission authorizes payment of \$2.6 million to the 2 major political parties and 11 of the presidential candidates under a program providing for federal financing of political campaigns enacted after Watergate.

Dec. 24—President Ford officially enters the 1976 New Hampshire presidential primary.

Supreme Court

(See also *Legislation*)

Dec. 1—The Court refuses to review a lower court's ruling that permitted a private, government-funded hospital to forbid a doctor to perform abortions there.

Dec. 16—The Supreme Court recesses until January 12, 1976, without ruling on the legality of the new election campaign law.

Dec. 19—Chief Justice Warren E. Burger administers the oath of office to John Paul Stevens, who succeeds Justice William O. Douglas on the Supreme Court. Douglas resigned November 12.

VATICAN

Dec. 25—Pope Paul VI officially ends the Holy Year by sealing the Holy Door of St. Peter's Basilica in Rome.

VIETNAM

Dec. 6—in Paris, North and South Vietnamese representatives, meeting with U.S. officials, agree to return the remains of 3 American pilots killed in the Vietnam war.

Dec. 20—in Saigon, representatives for South Vietnam begin a 3-day meeting to ratify an agreement for the reunification of North and South Vietnam.

Dec. 27—According to a French radio interview with North Vietnamese Defense Minister Vo Nguyen Giap, broadcast yesterday in Paris, general elections will be held in early April, 1976, in both North and South Vietnam; one national assembly will be elected for all of Vietnam.

YUGOSLAVIA

Dec. 24—for 1975, police report the arrest of 200 political criminals belonging to underground groups.



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